

PEOPLE
Robert and Nubia
Call Off the Wedding

The Global Newspaper
Edited and Published
in Paris
Printed simultaneously in Paris,
London, Zurich, Hong Kong,
Singapore, The Hague, Marseille,
New York, Rome, Tokyo, Frankfurt.

Herald Tribune

Published With The New York Times and The Washington Post

No. 33,683 24/91 LONDON, FRIDAY, JUNE 14, 1991 ESTABLISHED 1887



Jordan's Bright and Shining Moment
Michael Jordan of the Chicago Bulls, unanimous choice for most valuable player in the National Basketball Association final series, had a lot to celebrate: his team's first championship after 25 years, his first in seven years as a professional, and his 30-point, 10-assist night that propelled the Bulls to a 108-101 victory in the fifth game of the series against the Los Angeles Lakers. Page 21.

For Bush, Limits To Muscle-Flexing Isolationism and Deficit Reduce Foreign Options

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — As Saddam Hussein's army stood its ground inside Kuwait in January, the most tension-filled moment for President George Bush was not the imminent clash of armies or any of the urgent phone calls to the Kremlin.

Mr. Bush, according to his national security adviser, worried most that Congress would vote against authorizing the war, a threat that the allies were holding like a cudgel over Baghdad. Three votes in the U.S. Senate made the difference.

The narrow mandate for action overseas was a pivotal element in the Gulf war. And domestic political sensitivity remains a restraint on U.S. foreign policy despite America's postwar ascendancy in the world, members of Congress and other analysts say. But money, they agree, may be the major restraint.

As he showed during the war, Mr. Bush is keenly aware that the American public's tolerance for expensive, open-ended foreign commitments remains thin. The war not only had to be won, but also won quickly.

At the same time, the White House appears to realize that its global political strength has rarely been greater — so great that some call it the Pax Americana.

With sometimes uncertain success, the Bush administration is playing its strong foreign policy hand vigorously with the Soviet leadership and opposition, with Mexico and Japan on trade, with an enlarged array of allies in the Middle East, within NATO, in the Horn of Africa and in Asian meetings aimed at peace in Cambodia.

"The Bush administration has been pretty careful and judicious in taking advantage of this brief moment of unipolarity," said Richard R. Burt, the former U.S. arms negotiator. But he sees no White House "grand design" for the longer term.

From a domestic standpoint, many analysts believe that the White House can operate at will in this heated round of deal-making unless the public perceives a high price in dollars or lives or in domestic needs ignored. Public pride in the military is mixed with fundamental caution about unilateral American action abroad, recent opinion polls show.

Americans still want "a scaling down of our overseas commitment."

PAX AMERICANA
Last of three articles

Yeltsin Carries Russia As the Voters Say No To More Communism

He Vows To Pursue Freedom

By David Remnick
Washington Post Service

MOSCOW — In a historic defeat for the Soviet Communist Party, voters in the Russian Republic have elected a radical opponent of party ideology, Boris N. Yeltsin, as president for the next five years.

Mr. Yeltsin, who quit the party last year, won at least 60 percent of the vote Wednesday in a six-candidate race, officials said Thursday. By winning more than 50 percent of the vote he averted a runoff in two weeks.

As the first popularly elected president in Russia's 1,000-year history, Mr. Yeltsin said he would dedicate himself to the creation of democratic institutions and a Western-style market economy.

For years, Mikhail S. Gorbachev, the national president and head of the Communist Party, was the singular leader of the Soviet Union, and he often tried to placate the party and other conservative forces to survive politically.

But Mr. Yeltsin's popular election in a republic that is the heart and backbone of the 15-republic Soviet Union should help tilt the political balance decisively in favor of political and economic change away from central controls.

After years of almost operatic rivalry and mutual recriminations, Mr. Gorbachev and Mr. Yeltsin now appear to have settled into a wary alliance. In April, they and eight leaders of republics signed the so-called Nine-plus-One accord.

This ended nearly 70 years of anxiety about a "reactionary swing" in the Kremlin and formed the basis for a new union of sovereign states.

Eduard A. Shevardnadze, who quit as foreign minister in December, warning of an approaching dictatorship, said in Bonn that Mr. Yeltsin's victory would have "a positive effect, only positive."

"Yeltsin has a big following, the support of the majority," he added. "Now there is no doubt he must fulfill that trust."

Mr. Yeltsin easily outdistanced Communist rivals such as the former prime minister, Nikolai I. Ryzhkov, and a former interior minister, Vadim V. Bakatin.

Mr. Yeltsin won 75 percent of the votes in Moscow and 60 percent to 70 percent in other major industrial cities. But he also ran well in conservative farming areas, where Mr. Ryzhkov had hoped to score at least enough votes to force a runoff.

The Russian Republic accounts for more than half the population of the Soviet Union, more than 140 million people.

See YELTSIN, Page 2



Boris N. Yeltsin, after voting, giving the victory sign in Moscow.

Soviets, in Shift, Decide to Keep Units in Vietnam

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — The Soviet Union, signaling its determination to remain a global military power, has decided to maintain air and naval forces in Vietnam despite an earlier stated intention to withdraw them rapidly.

Vladimir P. Kasalukin, a rear admiral on the Soviet General Staff with responsibility for the Asia-Pacific region, said in an interview here Thursday that Soviet forces would continue to use Cam Ranh Bay, a former U.S. base in Vietnam, as a "support point" for naval operations in Southeast Asia, the Indian Ocean and the Gulf.

The decision, Western officials and analysts say, reflects a stronger military influence in Soviet foreign policy.

"I think it's the Soviet military reasserting itself," said Andrew Mack, director of the Peace Research Center at the Australian National University in Canberra. "They want to keep their options open for the future. Cam Ranh Bay gives them a window into the region."

After the Soviet Union withdrew its MIG-23 jet fighters and TU-16 bombers from Cam Ranh Bay about 18 months ago, Eduard A. Shevardnadze, then the Soviet foreign minister, told four U.S. senators in Moscow in January 1990 that "the day is near when there will be no Soviet military presence in Asia beyond Soviet borders."

The Soviet Union later withdrew its major warships from Cam Ranh Bay, the only base in Asia to which Soviet forces have routine access, and it was widely assumed that all Soviet forces would leave.

But Alexander N. Panov, director of the Department of the Pacific and Southeast Asian Countries in the Soviet Foreign Ministry, said Thursday that it had become clear that a number of countries in the region wanted a "reduced but conspicuous" Soviet presence, as well as a U.S. military presence, to guard against possible encroachments by Japan, China or India.

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Russian Says Some Nuclear Weapons Are Still in Germany

Washington Post Service

BONN — The Soviet foreign minister, Alexander A. Bessmertnykh, said Thursday that Soviet nuclear missiles were still stationed in Eastern Germany. This had been denied by other Soviet officials.

Speaking after two days of talks with German leaders, Mr. Bessmertnykh told reporters that "a certain number of nuclear weapons" were still in the territory of the former Communist East Germany.

He said the weapons, which Western military experts say are short-range missiles and artillery shells, would be removed "according to schedule."

The Soviet Union has committed itself to remove all of its troops from Eastern Germany, until last year the frontline of Moscow's defense system, by the end of 1994. About a third of the 380,000 troops are expected to leave this year.

Mr. Bessmertnykh's statement directly contradicted Defense Minister Dmitri I. Yozov's denial last week that any Soviet nuclear weapons remained in Germany.

Bonn Foreign Ministry officials said the Soviets asserted several times that they had removed their nuclear devices.

The announcement on Thursday, while guaranteed to win headlines and add to the worries of some Germans, comes as no shock to NATO, the United States or to German military analysts, all of whom say they had not taken the Soviet denials seriously.

In addition to intelligence reports that indicated the continuing presence of the nuclear forces, Western military analysts believe they found confirmation of the situation in April, when Soviet guards shot a German Army major who went too close to an arms depot at Altenburg.

"There is only one good explanation for that kind of nervous reaction," an American military source said. "The Soviets, like anyone else, don't like anyone poking around their nukes."

Foreign Minister Hans-Dietrich Genscher, who sat next to Mr. Bessmertnykh as he made his statement, did not comment on the nuclear weapons issue.

On Wednesday, the Bonn spokesman, Dieter Vogel, said Germany might ask the Soviets to allow outside inspection of its arms depots in Eastern Germany.

Both German and Soviet officials said Thursday that the presence of nuclear missiles would not hinder the two countries' attempts for a close relationship.

German officials, who have tried in recent months to paper over various disputes with Moscow, said they were satisfied that the Soviets were being straightforward.

—MARC FISHER

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Bush Sees Beverly Hills Struggles With a New Word in Its Vocabulary: 'Recession'

A Way For Poor Unusual Speech Taunts Congress

By John E. Yang
Washington Post Service

WASHINGTON — Acknowledging that many Americans were left behind by the economic boom of the 1980s, President George Bush said Wednesday that neither government nor the marketplace alone could solve the problems of homelessness, hunger, drug abuse and illiteracy.

Speaking on the South Lawn of the White House before about 1,000 invited guests, Mr. Bush rejected both the big-government approach that characterized Lyndon B. Johnson's Great Society and the free-market attitude of Ronald Reagan's administration.

"There is a better way, one that combines our efforts — those of a government properly defined, the marketplace properly understood and service to others properly engaged," said the president. "This is the only way — all three of them — to an America whole and good."

Both the setting and the timing of the speech were unusual. The formal before invited guests guaranteed a receptive audience.

It was unclear, however, what broader audience the White House was seeking with a speech held at night without television coverage.

Mr. Bush had challenged lawmakers to pass highway and crime legislation within 100 days of his March 6 address to Congress after the Gulf war.

"I thought 100 days was fairly reasonable," Mr. Bush said. "It is now clear that neither will be on my desk by Friday. Look, I'm disappointed, and, frankly, I'm not surprised."

Mr. Bush promised to keep working with Congress, "but America's problem solving does not begin or end with the Congress nor with the White House."

"The Congress can refer our proposals to its hundreds of committees, tie itself up with debate and produce complicated, expensive, unworkable legislation," he said. "But in the end, we must carry forward the magic of America."

Anticipating criticism of Congress from the White House, House Speaker Thomas S. Foley, Democrat of Washington; House Majority Leader Richard A. Gephardt, Democrat of Missouri; and the Senate majority leader, George J. Mitchell, Democrat of Maine, issued a statement in defense of this year's record of Congress.

It listed passage of veterans-related legislation, a budget resolution and fast-track authority for consideration of trade agreements along with one-house approval of bills on civil rights, campaign-finance change, handgun control and appropriations.

It also said Democrats were "actively and constructively working" on legislation dealing with crime and transportation that the congressional leaders described as more ambitious than administration proposals. Neither of the bills has passed either house, although the Senate is considering the highway-transit bill.

"President Bush's 100-day challenge is a cynical attempt to divert attention from the administration's lack of a domestic agenda," the trio charged.

Mr. Bush acknowledged that some Americans had been left behind by the economic boom the nation enjoyed during the Reagan years.

"Not all Americans are living the American Dream by a long shot," he said. "Many can't even imagine it. There are impoverished Americans, the poor and the homeless, the hungry and the hopeless, many unable to read and write."

By Kenneth J. Garcia
Los Angeles Times Service

BEVERLY HILLS, California — It may be no surprise that Los Angeles, New York and other urban centers must grapple with budget deficits, layoffs and the painful choices imposed by a lingering recession.

But Beverly Hills? This has been a city well sheltered from normal budgetary concerns. It is not only rich but also lucky: It boasts a \$300,000-a-year oil well on its high school campus to help support its school system.

Yet after decades of developing a well-

earned reputation for excess, the city has succumbed to the laws of economics. The signs of the recession now dot the city's landscape: boarded storefronts along Rodeo Drive, a 21 percent commercial vacancy rate and fewer tour buses along the familiar celebrity trails.

The city was further battered by the unexpected collapse of two of the town's biggest businesses. When Drexel Burnham Lambert and Columbia Savings & Loan plunged into insolvency with the crash of the junk-bond market and the savings industry, the city's economy sagged.

The loss of nearly 1,000 jobs and the

immediate dumping on the market of 300,000 square feet (85,000 square meters) of office space were only part of the problem. Drexel kept a block of 100 rooms at the Regent Beverly Wilshire Hotel for its high-flying customers, and the city's restaurants reaped the benefits of their free-spending ways.

Chamber of Commerce officials say the city can no longer rely on its glitzy image to attract tenants and shoppers, especially when neighboring communities are offering cut-rate deals to lure away businesses.

"Isn't everybody paying a little bit for the excesses of the '80s?" asked Bill Boyd,

executive director of the Chamber of Commerce. "We're all on a time payment plan where we owe for our past mistakes. But we can't stop spending for things that are going to generate revenues in the future."

Even as Beverly Hills has launched an aggressive economic development campaign, the city council is struggling to make up a deficit in its current budget due to reduced revenues.

The council directed department heads this week to find a way to slash a further \$6 million from its proposed \$80 million fiscal year budget beginning July 1. Combined with a \$5 million cut recom-

mended by the city manager, the \$11-million reduction may require the city to eliminate up to 100 jobs, including 30 positions vacant because of a hiring freeze.

"If you're talking about cutting \$11 million, a major part of it has to focus on people," said Donald Olander, director of finance administration. "We've had times when we had to face some cutbacks, but never on a scale like this."

City officials blame their budget problems on an unexpected drop in sales taxes and hotel and business taxes and on the huge debt from the city's lavish \$120 million Civic Center.

The new, ornate city headquarters, completed last year, stands as a symbol of the city's financial problems. Filled with expensive fixtures and imported materials normally reserved for lush corporate suites, the Civic Center cost three times more than originally estimated and carries an annual debt of more than \$9 million.

"We have to pay now for the mistake of the Civic Center, and I don't want to pass that off to taxpayers," Councilman Robert Tanenbaum said. "It's tragic that anyone will have to lose their job, but that is the awful reality of a bureaucracy that has become overgrown."



President George Bush escorting President Alfredo Cristiani of El Salvador at the White House.

U.S. to Renew Military Aid to El Salvador

Compiled by Our Staff From Dispatches

WASHINGTON — The Bush administration probably will begin the process of disbursing \$42.5 million in military aid to El Salvador that was withheld this year pending the outcome of United Nations-sponsored peace talks, according to the State Department's senior Latin America specialist.

Bernard W. Aronson, assistant secretary of state for inter-American affairs, did not say when the lengthy disbursement process might start, but he said it could be halted if the rebels quit fighting and bargained in good faith.

His comments Wednesday amplified remarks earlier in the day by President George Bush, who met for two hours with President Alfredo Cristiani of El Salvador.

Winding up his state visit, Mr. Cristiani charged that the guerrillas had acquired sophisticated surface-to-air missiles, probably from Cuba.

Mr. Bush accused the rebels of stalling deliberately on the cease-fire while stepping up the violence.

He praised Mr. Cristiani for

strides taken to end a decade of civil war.

The administration's remarks reflect a strategy of increasing pressure on the rebels to quit fighting and iron out the last remaining differences.

The comments drew sharp criticism from representatives of the guerrillas, who said the Salvadoran government bore equal blame for the faltering talks.

U.S. lawmakers also warned that disbursing the remaining 1991 military aid could remove leverage on the government to conclude a speedy peace.

(NYT, AP)

Iowan Has Answer for Democrats: Him

By Dan Balz
Washington Post Service

LAS VEGAS — Senator Tom Harkin of Iowa is a brash Democrat who can give the kind of speech that makes the Reverend Jesse L. Jackson sit up and take notice. Call it populism, progressivism or old-time religion. Mr. Harkin preaches it.

Want a prescription for the Democrats to recapture their traditions? Mr. Harkin has it: "It's time to get off our knees and fight back."

An analysis of the 1980s? "For the last 10 years, the working men and women of America — farmers, small-business people, people who pull the load and pay the taxes in this country — have been getting hit below the belt by Reagan and Bush economic policies."

Fresh off a 1990 re-election victory, Mr. Harkin, 51, is testing the waters for a presidential campaign, a prospect that only a month ago seemed plausible to only a few of his closest friends and which still faces enormous hurdles. But based on first looks, Democratic activists have begun to pay attention.

Little known outside his native Iowa, Mr. Harkin has elbowed his way into the consciousness of Democratic activists, taking advantage of the void left by the reluctance to enter the race of such potential candidates as Governor Mario M. Cuomo of New York and the House majority leader, Richard A. Gephardt of Missouri, who would appeal to many of the same people.

In their absence, Mr. Harkin has moved to stake out the left-labor wing of the party, and if he decides to run, he appears poised to seek inroads with groups that play an oversized role in the Democratic nominating process.

Mr. Harkin's brand of politics is just what many Democrats think is wrong with their party, an old-fashioned liberalism that could lead the party in the wrong direction. "If we went down a list of issues, I'm sure

we would have a disagreement," said Al From, president of the moderate Democratic Leadership Council.

But the cocky and sometimes abrasive Mr. Harkin says he is prepared to fight over the issue of how the Democrats should define themselves in the 1990s, and believes he has a message that cuts a wide swath.

In recent weeks, Mr. Harkin has drawn cheers from Democratic audiences, and impressed potential contributors in New Hampshire, California, Nevada and on Wednesday in Washington, D.C., before a meeting of big Democratic donors.

At the National Rainbow Coalition meeting in Washington last week, Mr. Jackson eyed Mr. Harkin intently as the Iowan roused the Jackson partisans to their feet with his up-the-big-guns message.

Told that Paul E. Tsongas, a former senator from Massachusetts and the only declared Democratic candidate, had described Mr. Harkin, in a comparison not meant to be entirely flattering, as the inheritor of the Hubert Humphrey wing of the party, Mr. Harkin said, "Amen, brother. I welcome it, because that is the Democratic Party."

Mr. Harkin left with a \$5,000 check from the machinists union, his biggest backers in his still embryonic effort. "I'm certainly encouraging him" to run for president, said George Kourpias, the union president. "The working people of America are hungry for a leader who cares."

First elected to the House in 1974 from a Republican district, Mr. Harkin ran for the Senate and won in 1984, then won a difficult reelection fight last year against a former Republican congressman, Thomas J. Tauke.

Mr. Harkin automatically would be a favorite in the Iowa caucuses, and the senator said he has told Democratic friends he will make a decision by Labor Day to give them

time to support other candidates if he decides not to run.

"I want to see if I can get enough support to get out of the gate," he said of his exploratory effort.

"Look, I've probably come further in my life than I probably had any right to expect," said Mr. Harkin, whose father was a coal miner and whose mother died when he was 10. "And so for me to think about the presidency is quite an undertaking."

"I feel very strongly that we're losing the core support of our party," he said. "I feel strongly that

we're accommodating other principles and values that we don't really believe in to try to win. And so I decided I would go out there and say what I believe, how strongly I felt, and see where it goes."

Bush Chooses Envoy to Syria

The Associated Press

WASHINGTON — President Bush said Wednesday he would nominate Christopher Ross, now ambassador to Algeria, to be ambassador to Syria. Mr. Ross has served in Algeria since 1988.

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A Truce in Virginia Politics

Senator Robb and Governor Wilder Hold a Peace Talk

By B. Drummond Ayres Jr.
New York Times Service

WASHINGTON — Hoping to end a political feud that is threatening their political careers and Democratic unity, Senator Charles S. Robb and Governor Douglas Wilder of Virginia held a peace talk by phone late Wednesday night after several weeks of trading abuse.

Aides refused to provide details of the talk, which took place after Senator Robb warned in a Capitol Hill press conference Wednesday that the feud had become "a political demolition derby."

Governor Wilder's chief of staff, J.T. Shropshire, said the exchange had been initiated by the governor and had been cordial.

"There will be other talks," Mr. Shropshire added.

At his news conference, Senator Robb called upon Governor Wilder to help end the squabble, which involves allegations of eavesdropping.

ping and of wild parrying by Senator Robb and political vindictiveness by Governor Wilder.

Ronald H. Brown, chairman of the Democratic National Committee, has expressed concern to both men about the intensity of the squabbling, committee officials said.

Sensor Robb said that a tape he had been given more than two years ago of a confidential Wilder car-phone conversation should have been destroyed immediately instead of just a few weeks ago. But he said he had not ordered the taping and thus had done nothing illegal. Nevertheless, state and federal investigators are looking into the allegations of eavesdropping, which is illegal if it involves cellular phones.

Governor Wilder has accused Senator Robb of leaking details of the tape in an effort to embarrass him and hurt him politically.

On the tape, according to a published transcript whose accuracy the governor has confirmed, he broached an investigation into Senator Robb's personal problems, said the senator was "finished" politically and said he had urged at least one reporter to write articles about Senator Robb's personal life.

The investigations into the senator's personal life were conducted after rumors spread that he had been seen without his wife at parties where drugs were present.

Sensor Robb, who is married to the former Linda Byrd Johnson, daughter of former President Lyndon B. Johnson, has denied ever knowingly being at a party where drugs were present and has said he has committed no marital indiscretion except to once share a bottle of wine with a former Virginia beauty

queen and then to be given a massage by her in a New York hotel room in 1984. He has charged that Governor Wilder instigated at least one of the investigations.

Their feud goes back to the late 1970s, when Senator Robb ran for lieutenant governor as Mr. Wilder was carefully laying the foundation for a run for the presidency. To Mr. Wilder, Senator Robb was a relative latecomer and interloper.

Sensor Robb went on to be governor and then senator, and Mr. Wilder won election as lieutenant governor. He was in office only two months when Senator Robb made public two letters critical of him.

Liddy Cites Plot To Assassinate Jack Anderson

The Associated Press

NEW YORK — G. Gordon Liddy, a former CIA operative who was imprisoned in the Watergate scandal, said he discussed plans to kill Jack Anderson, the columnist, in an effort to stop the publication of secrets and keep the Watergate affair under wraps, but White House officials objected.

Mr. Liddy told Mr. Anderson of the plot during an interview prepared for broadcast Thursday night on "The Real Story," a news show on CNBC.

"The rationale was to come up with a method of silencing you through killing you," Mr. Liddy said in their first face-to-face meeting. The columnist said in another interview that he had known of the plot since 1973.

High Court Gives Police More Right to Question

WASHINGTON — The Supreme Court on Thursday gave the police more power to question criminal suspects outside the presence of their lawyers.

By a 6-to-3 vote, the justices said that a suspect who was being represented by a lawyer in one criminal case sometimes could be questioned in connection with another crime without an attorney present.

Justice Antonin Scalia, writing for the court, said the ruling would not weaken so-called Miranda warnings, which require the police to tell suspects they have a right to remain silent and be represented by a lawyer.

Justice John Paul Stevens, in dissent, agreed that the ruling may have little impact on police interrogations, but "as a symbolic matter, today's decision is ominous because it reflects a preference for an inquisitorial system that regards the defense lawyer as an impediment rather than a servant to the cause of justice."

The convicted killer in the case, Paul M. McNichols, was arraigned in 1987 on a charge of armed robbery in West Allis, Wisconsin. He was represented at his arraignment by a public defender.

Later that day and subsequently, the police questioned him in his cell about an unrelated murder in Caledonia, Wisconsin.

The suspect agreed not to have a lawyer present during those interrogations and made incriminating

Leftist Guerrillas Bomb 15 Banks in Lima Area

The Associated Press

LIMA — Leftist guerrillas on Wednesday bombed 15 private and state banks in working class districts on the outskirts of Lima, and two people were killed in other guerrilla-related activity, police and news reports said.

It was unclear which of Peru's two main rebel groups was involved in the attack, Wednesday.

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3 Republicans Split With Bush on Pace Of Space Defense

By R. Jeffrey Smith

WASHINGTON — Three Republican senators, in a major split with the Bush administration, have declared their opposition to accelerating the development and deployment in space of anti-missile defenses.

Senators John W. Warner of Virginia, Richard G. Lugar of Indiana and William S. Cohen of Maine said in a letter to President George Bush on Wednesday that the administration had wrongly pressed for huge expenditures for space weapons under the Strategic Defense Initiative, as most legislators favor a less-ambitious, ground-based missile-defense program.

The announcement by the three senior members of the Armed Services and Foreign Relations committees dooms any chance for broad-based Republican backing for Mr. Bush's proposal to boost spending on SDI by 67 percent. It would mark the first major Republican defection in the Senate on the issue of space-based weapons, long considered a touchstone for Republican loyalists.

In their joint letter, which was elaborated by Mr. Cohen in a speech on the Senate floor, the group urged the administration to open negotiations with the Soviet Union for permission to build ground-based missile defenses somewhat more elaborate than those allowed under the 1972 U.S.-Soviet Anti-Ballistic Missile Treaty.

Mr. Cohen said such a system might protect the United States from limited, accidental or unauthorized missile attacks. The Defense Department has been seeking a \$2 billion increase in the current \$3.2 billion SDI budget so it can build a missile defense with both space- and ground-based weapons that would simply abrogate the ABM accord.

"We do not endorse abrogation of the ABM treaty," Mr. Cohen said in the letter to Mr. Bush, "do we believe there is a consensus in the Senate for abrogation." Mr. Cohen said SDI managers were nonetheless strongly supporting space-based missile interceptors, known as "Brilliant Pebbles," which "they view as an excuse for abrogating the ABM treaty."

An aide to one of the senators

said Mr. Cohen decided to speak out after the senators met with Mr. Bush and Secretary of Defense Dick Cheney at the White House on Wednesday and failed to win a commitment to change administration policy.

"We believe that passage of the administration's SDI budget request and program in the Senate is highly unlikely," the senators wrote to Mr. Bush, "because of last month's vote in the House of Representatives to slash the request and wipe out the Brilliant Pebbles program. Mr. Bush threatened on May 29 to veto the defense bill if the House position was sustained, saying he could not tolerate that some in Congress 'want to gut our ability to develop strategic defense.'"

Mr. Cohen said an alternative plan would be to build and deploy a tactical missile defense superior to the Patriot system that intercepted some of the Iraqi Scud missiles fired at Israel and Saudi Arabia during the Gulf war.



POLITICAL REBIRTH — Delegates of the former Communist Party of Albania, renamed the Socialist Party, applauding Thursday as President Ramiz Alia, right, congratulates Fatos Nano on his election as the new party leader. Mr. Nano, an economist, promised to break with nearly five decades of Stalinist isolation from the world and rigid controls over political and economic life.

Ex-General Cites KGB Murder Link

Dissident Says He Sent Agents to Bulgaria With Poison

By Craig R. Whitney

MOSCOW — A former KGB general who was in charge of counterintelligence from 1970 through 1979 has disputed the Soviet agency's assertions that it had nothing to do with the 1978 assassination in London of an exiled Bulgarian.

Oleg D. Kalugin said he personally sent two KGB operatives to Sofia in 1978 to provide the Bulgarian secret service with dissolving poison pellets, concealed in the sharp tip of an umbrella. It was jabbed into the leg of an exiled writer, Georgi Markov, at a bus stop and he died in a hospital.

Mr. Kalugin, 56, has also disputed the KGB's denial that it knew about East German secret service support to international terrorists through the 1980s. Mr. Kalugin was a major general but was stripped of his rank, his KGB decorations and his pension after he broke with the organization last

year. He is now a member of Parliament.

"The KGB has been for many years the real power in the U.S.S.R.," he said in an interview.

White House Hails Yeltsin

Agence France-Press

WASHINGTON — The United States said Thursday that the election by the Russian Republic of a president was a "historic step" and announced that President George Bush would meet June 20 with the victor, Boris N. Yeltsin.

"This election is a historic step for the Russian people and the Soviet Union," said the White House spokesman, Martin Fitzwater. "It underscores the continued movement forward on political reforms that the Soviet Union has undertaken under the leadership of President Gorbachev."

The election, he added, "certifies the commitment of the Soviet leadership and its people toward establishing a political system that is democratic and pluralistic."

"His spokesmen still tell many lies."

Mr. Kalugin's former organization views him, in the words of its present foreign intelligence chief, Lieutenant General Vadim A. Kirpichenko, as a "traitor." The general denies any KGB involvement in the slaying of Mr. Markov, to which the former Bulgarian Communist Party chief, Todor I. Zhivkov, has been linked.

The KGB's chief spokesman, Major General Alexander N. Karbainov, denied at a news conference at the KGB's Lubyanka headquarters that the Soviet agency had known the East German State Security Ministry was providing training and asylum to members of the West German Red Army Faction terrorist group, up to the beginning of 1990.

"The fact that the Red Army brigades had been given shelter in East Germany was well known," Mr. Karbainov said.

He also confirmed allegations last year by former East German officials after the Communist government collapsed that the internationally wanted terrorist leader known as Carlos had flown to and from East Berlin numerous times in the 1970s.

"We put our own surveillance on him there so that we'd know ourselves what he was up to," Mr. Kalugin said. "Publicly, of course, we maintained we'd never heard of him."

U.K. Invites Gorbachev to Meet With G-7

The Associated Press

LONDON — Britain invited Mikhail S. Gorbachev on Thursday to visit London at the end of next month's summit of the seven top industrialized nations.

Prime Minister John Major told the House of Commons the invitation was issued after consultations with the other members of the Group of Seven.

Mr. Major said he also had invited the Soviet president to remain after the summit meeting for discussions with British officials.

Panel Urges USIA to Cut Some of Its Broadcasts

By Bill McAllister

Washington Post Service

WASHINGTON — A presidential advisory panel has attacked a number of government information programs championed by conservatives, declaring that some Radio Free Europe programming should be terminated, calling a proposed "Radio Free Asia" unnecessary and questioning the effectiveness of TV Marti, the early-morning television service to Cuba.

The panel, which was set up by President George H.W. Bush in 1982, said it was troubled by the expense of established fundamentalist groups at USIA University in a controversy over the replacement of French by Arabic.

When a fundamentalist underground group began operating around Bida, not far from Algiers, Mr. Madani was imprisoned for four years as a precaution, along with many other religious activists.

Buoyed by oil and natural riches, the Front still governed by throwing money at problems, and that included building countless mosques and putting their imams on the government payroll to keep them out of politics.

But even before oil revenues dropped in 1986, the state was in deep trouble because of its heavy-handed bureaucracy, its fascination with money-losing heavy industry and its increasingly threadbare rhetoric.

Just as Algerian nationalists fought to end 132 years of French colonialism, so fundamentalists saw themselves as chosen instruments to complete the job by removing the secular state that they contended was too closely tied to France and the West in general.

Playing into the fundamentalists' hands was the large post-independence rural exodus, which transformed an essentially agricultural society into a highly urbanized but essentially rootless country with one of the world's highest birth rates.

Algerian fundamentalists took heart when president Houari Boumedienne, a tough, dedicated socialist, died in 1979.

He was replaced by Chadli Bendjedid, more pragmatic, non-ideological leader less inclined to crack down when fundamentalist mosques began dispensing political messages with Friday prayers.

Coincidentally in the 1980s, money poured in from Saudis and

A Muslim Politician Shakes Up Algeria

Repressed by Successive Governments, Fundamentalists Now Turn to Madani

By Jonathan C. Randal

Washington Post Service

ALGIERS — The rise of Abbasi Madani, who heads Algeria's Islamic Salvation Front, has transformed North African politics.

In forcing the regime last week to dismiss a cabinet, reschedule legislative and presidential elections and presumably accept fair redistricting and electoral laws, Mr. Madani confounded not just his secular opponents but also his many rivals in activist Muslim politics.

In many ways, Mr. Madani, 60, is emblematic of a generation of North African Islamic fundamentalists kept down by colonial and independent governments alike and now exacting their revenge by appealing to the growing ranks of uneducated, unemployed and rootless urban youth.

Only in the past half-decade have Mr. Madani and Islamic fundamentalism emerged as major players in politics dominated by the National Liberation Front since the nearly eight-year war of independence against France erupted in 1954.

A political activist in the 1950s, Mr. Madani was arrested 17 days after the war broke out and released from prison at independence in 1962 only to discover that his brand of Algerian puritanical Islam was out of favor in the self-styled "beacon of African socialism."

Within four years, Mr. Madani was in such trouble with the Front that he bowed out of politics in favor of an academic career that won him a professorship at Algiers University and eventually a doctorate in Britain.

Only in 1982 did he try his hand again at politics, intervening at the expense of established fundamentalist groups at Algiers University in a controversy over the replacement of French by Arabic.

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He was replaced by Chadli Bendjedid, more pragmatic, non-ideological leader less inclined to crack down when fundamentalist mosques began dispensing political messages with Friday prayers.

Coincidentally in the 1980s, money poured in from Saudis and

other Gulf Arabs, who subsidized fundamentalist publications and provided travel funds and other financial help, all in the name of combating the export of revolutionary Iran's brand of militant Islam.

But Mr. Madani's masterstroke occurred in October 1988, when disciplined ranks of fundamentalists deliberately walked into bullets fired by the army called in by a baffled government to re-establish law and order in Algiers after it was taken over by the mob. At that moment, Algerian political life changed.

Fundamentalist politics had come of age and in less than a year Algeria, much to the despair of neighboring Morocco and Tunisia, became the first North African country to legalize an Islamic party.

In their preaching, Mr. Madani and his young disciple, Ali Benhadj, offer simple remedies for the complications of the modern world. But arguably it is their insistence on present injustice that strikes the most profound chord with their flock.

Also effective, their critics concede, is the fundamentalists' use of rich images, often taken from the Koran and calculated to reinvigorate even the most faint-hearted with such exhortations as: "We are elephants, our foes mere ants. We are the Sahara, they but grains of sand. We are the sea, they just raindrops."

The leadership structure of Mr. Madani's party remains purposely opaque. He has said this is to avoid penetration by the police and foreign intelligence operations.

After Mr. Madani's sweeping victory in 1990 municipal and local elections — an outcome widely interpreted more as voters getting even with the ruling party than favoring an instant Islamic republic — the government gloated, perhaps too soon, at the creation of two rival fundamentalist parties. Critics pointed out that nothing prevented all fundamentalists elected to the National Assembly from forming a coalition.

U.S. House Votes Continued Aid for Angolan Rebels

The Associated Press

WASHINGTON — The House has voted to continue covert U.S. aid to Angolan rebels, less than two weeks after a peace accord was signed ending the country's 16-year civil war.

But the aid, supported by the Bush administration, will be sharply pared back from the \$60 million annual level the National Union for the Total Independence of Angola, or UNITA, has received through the CIA in recent years, and it will be strictly nonmilitary in conformance with the peace agreement, sources said.

The 1992 aid level was set at about \$20 million and will be further divided into three increments to give the administration a chance to come to Capitol Hill later with a plan for converting the program to overt aid, according to the sources.

The money can be used to feed and sustain the idled UNITA forces and help them with a transition to civilian life and to provide civil administrative services for the large part of Angola that has been under rebel control, an administration source said.

Vercors, Resistance Author, Dies

New York Times Service

Vercors, 89, whose clandestine wartime novel, "The Silence of the Sea," moved the French nation and those who experienced the German occupation in World War II, died Monday in Paris.

During the war, Vercors worked in the Resistance, passing messages for the French branch of British Intelligence.

"The Silence of the Sea" was the story of a German who loved France and tried to convince his French friends of Hitler's good intentions. He realized too late that he had been deceived by the Nazis. The book was widely praised.

It was published in France in early 1942 by Les Editions de Minuit, which Vercors had founded with Pierre de Laessle and which functioned during the war, much to German annoyance.

The book was published in the United States in 1943, and by 1948 it sold more than a million copies in 17 languages.

Vercors was born in Paris. He studied at the Ecole Alsacienne and received a diploma as an engineer.

His real name was Jean Brullier. He took his pen name from a mountain region at the foot of the French Alps. He had been demobilized from the French Army shortly before the outbreak of World War II. After the war began, he was drafted and wounded. Recovering, he wrote two pages of his novel every night, he later said, to keep his brain working. Vercors was also one of the names he used in the Resistance.

He kept his identity a secret from as many people as he could, even his wife. But his editor at Les Editions de Minuit was captured by the Nazis and executed.

Before he wrote "The Silence of the Sea," Vercors was a little-known artist and engraver. Under his real name, he wrote satires from 1923 to 1939. These included "A Slice-Up Man," "Hell" and "Reassuring Images of War."

After the war, Vercors sold his publishing house but continued to write. Among his books were "Three Short Novels" (1947), "You Shall Know Them" (1953), "The Insurgents" (1956), "Paths of Love" (1961), "Sylvia" (1962), "Quota" (1966) and "The Raft of the Medusa" (1971).

He did not hesitate to speak out against injustice. In 1957, he returned his medal of the Legion of Honor to the government to protest "the tortures in Algeria" by French troops.

In January 1973, he wrote an essay for Le Monde, reprinted in The New York Times, which condemned the U.S. bombing of North Vietnam.

Vietnamese in Gem Frenzy

Reuters

HANOI — About 300 people have died in a frenzied four-month rush for precious gems in central Vietnam, an official weekly newspaper, Leo Dong, said Thursday. It said most of the deaths had occurred in fights or from collapsing mine tunnels.

House Reverses U.S. Policy Ban On Abortion Aid

New York Times Service

WASHINGTON — Abortion rights advocates won a victory in the House when the chamber voted to reverse administration policy denying foreign aid funds to private family planning groups that advocate abortion.

The so-called Mexico City policy, first promulgated in 1984 by former President Ronald Reagan and supported by the House in votes twice before, was rejected Wednesday on a roll call of 222 to 200, despite a White House warning that the legislation would be vetoed if the policy reversal was enacted.

In a related vote on the same foreign aid authorization bill, the House decided, 234 to 188, to earmark \$20 million for The International Planned Parenthood Federation, the UN agency that has been denied U.S. contributions for the last five years because of charges that it approved coerced abortion and involuntary sterilization in China.

The votes are regarded as a good sign by lawmakers who want to overturn a recent Supreme Court ruling upholding a U.S. ban on funds for family planning clinics in the United States that advise pregnant women of the abortion option.

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(Continued from Page 4)

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<p>BOATS/YACHTS</</p>

Herald Tribune

Published With The New York Times and The Washington Post

A Banking Bill, Quick

Timing is going to be everything in the enactment of a U.S. banking bill. The banks' insurance deposit fund is rapidly running out of money, which generates a useful sense of urgency in moving the legislation to replenish it. The Bush administration is counting on the desperate need for more insurance money to drive its program of banking reforms through Congress. But if the deposit insurance fund's losses accelerate, as they seem to be doing, Congress will be powerfully tempted to enact only the financing provisions and leave the reforms to another year — or another decade.

It will not be easy to move the full bill quickly. There are many categories of banks, and their interests are by no means similar. This legislation has awakened all the conflicts among them, as well as those among the banks and the securities, insurance and real estate industries.

This week the chairman of the House Energy and Commerce Committee, John Dingell, launched a scathing attack on the bill. That was the Michigan Democrat's jolly and congenial way of saying that he expects to be consulted, and that his views may differ from those of the Banking Committee. The White House responded with gratifying speed by inviting Mr. Dingell and other congressional leaders for a chat. But on the same day the chairman of the Federal De-

posit Insurance Corporation, L. William Seidman, warned that the insurance fund's losses through the end of next year could run half again as high as his previous estimate. Anxiety levels are rising.

The idea of providing only the new money for the insurance fund, and setting aside the reforms with all their complexity, is not quite as attractive an escape as it might look at first glance. It leaves Congress open to the charge that it is merely pouring money into the abyss opened by failing banks, without doing anything to prevent further failures and losses.

Even more unpleasant, from Congress's point of view, is an unstated reality lurking behind the reforms: There are too many banks in the country. Not even the United States needs 12,500 of them.

There is nothing in the reforms that would put small banks specifically at a disadvantage. But the assumption is that banks would respond to new opportunities with waves of expansions and mergers that would result in fewer of them, more diversified both geographically and economically. That is the way to make the system more stable, but it cuts across all those entrenched American suspicions of banks in general and big ones in particular. Meanwhile, the insurance fund is going broke.

—THE WASHINGTON POST

Getting Tough on Guns

Supporters of the Brady gun control bill were suspicious when the Senate majority leader, George Mitchell, talked of improving it. Now it is clear the skeptics were wrong. The original version of the bill mandates a national seven-day waiting period between the purchase and delivery of a handgun so that police can check out the purchaser's background. States with similar laws have used them to block tens of thousands of illegal gun sales. Federal agents believe, with reason, that a law applied nationally will frustrate the urban smugglers who now purchase guns in states with lax laws and resell them in cities with strict ones.

When the measure came before the House of Representatives, the National Rifle Association sought to avert passage by offering a substitute: instant background checks of buyers at the point of sale. That idea may sound plausible, but the gun lobby knows full well that it is not realistic: national criminal record data bases remain too primitive. That point prevailed in the House, which approved the seven-day waiting period by a handsome margin.

At first, Mr. Mitchell disparaged the

Brady bill as lacking in substance and said he liked the instant-check idea. Gun control supporters groaned. They suspected that Mr. Mitchell was fronting for the rifle association, and pointed out that he comes from Maine, where a jury recently acquitted a hunter who shot and killed a woman in her backyard because he mistook her for a deer.

But now Mr. Mitchell is backing a genuinely tougher bill. It preserves the House Brady bill's language and adds financing for development of usable criminal history data bases and a provision, lacking in the House version, that by 1993 police be required to conduct background checks.

So far so good. There is danger, however, that the majority leader will be tempted to trade away the substance of the bill — by agreeing, for example, to an eventual lifting of the national waiting period requirement and a ban on state waiting periods — in exchange for other crime legislation.

That would betray the cause of public safety and negate Mr. Mitchell's laudable example of statesmanship on a divisive issue.

—THE NEW YORK TIMES

A Pratfall in Seville?

For want of private support and public enterprise, the United States risks an embarrassing pratfall when the gates open next spring for Expo '92 in Seville, Spain — the 500th birthday party for the Columbian voyages. America lags in building even a bargain-basement pavilion at this global festival. One reason is that Spain also happens to be the host for the 1992 Olympics, meaning that two major events are competing for corporate patrons. And a limp U.S. economy and the Gulf war have eroded public and private funding.

These are explanations, not excuses. Expo '92 will be the century's last universal exposition. As guest of honor in Seville, the United States secured a tract as big as a football field for a pavilion festooned with three huge sails inspired by Columbus's caravels. The budget was \$45 million, in-

cluding \$15 million from the private sector. But Congress authorized only \$13 million, while construction costs zoomed.

Forced to improvise, American officials plan to install two geodesic domes, hand-me-downs from other fairs, that will nestle between stylized sails. But construction has yet to begin, and the U.S. pavilion trails even that of Puerto Rico, whose \$7 million structure is half-completed. The American showcase will be a gimcrack advertisement of penury and indifference.

Does that matter? It certainly may to 500,000 Americans expected to visit Seville, and to American businesses eager to impress Europeans. It matters to Spain, and to Hispanic-Americans. Generous corporate donations might yet salvage an occasion that arises only once in 500 years.

—THE NEW YORK TIMES

Breaking the Age Myth

American industry has long operated on the theory that the sooner aging workers are put out to pasture the better. Early retirement is considered not only humane but smart. It makes room for new people with new ideas. And, as everyone supposedly knows, older workers have trouble handling new technology, are not as efficient as younger ones and are inclined to balk at taking inconvenient assignments.

Now a study published by the Commonwealth Fund demolishes the maxim. "You can't teach an old dog new tricks." The fund analyzed three companies, two in the United States and one in Britain, that deliberately recruited workers over age 50. The results were myth-breakers.

In 1986, faced with recruitment and turnover problems, The Days Inns of America began hiring workers over 50 as reservation clerks. The demands sounded like an older worker's nightmare: The telecommunications equipment was sophisticated, 25,000 calls were logged daily and the offices operated 24 hours a day.

Older workers took two weeks to master the computers, the same as younger workers. Training and recruiting costs averaged \$618 per older worker, \$1,742 per younger worker. The over-50 workers stayed on the job an average of three years versus one year for the others. Older workers spent a minute more on each call, but booked more reservations. In Britain, the results were more startling. B&Q, a hardware and home appliance chain, hired only workers over 50 for a new outlet, then pitted its performance against five other

stores. The over-50 store was 18 percent more profitable than the others. Employee turnover was six times lower.

In today's aging but healthier America, 50 is hardly over the hill. But the study emphasizes that even those over normal retirement age have less and less desire to ride into the sunset on a golf cart. Gray-haired workers are ready to learn new tricks, and they want the opportunity to show off the old ones.

—THE NEW YORK TIMES

Other Comment

Keep the Pressure On

For months now the African National Congress has claimed that the South African government is deliberately fomenting violence as a way of scuttling negotiations aimed at establishing a true multiracial democracy. That charge was corroborated this week by a former South African Army officer, Major Nico Basson, who told journalists that the military has been supplying weapons and covert assistance to the Inkatha Freedom Party to attack and weaken the ANC.

Unless President Frederik de Klerk can reassert his authority over the military, the credibility of his reforms is in doubt.

That is why this is no time to relax international sanctions against South Africa. Keeping the pressure on until an agreement is reached is still the best chance for ensuring a peaceful transition to majority rule.

—The Baltimore Sun

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 46.37.93.00. Telex: Advertising, 612595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la publication: Richard D. Simmons

Editor for Asia: Michael Richardson, 5 Century Road, Singapore 0511. Tel: 472-7788. Telex: RS34938
Ming Pao, Asia, 100 N. Wacker Drive, Chicago, Ill. 60606. Tel: 617-0610. Telex: 61170
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OPINION

Soviet Scenarios, From Disintegration to Federation

By Alexander N. Panov

The writer is director of the Department of the Pacific and Southeast Asian countries in the Soviet Foreign Ministry. This is based on a paper he presented at a conference in Kuala Lumpur.

KUALA LUMPUR — It is not easy to predict the future structure of the state that for now is still called the Union of Soviet Socialist Republics. There are at least three options.

One is a slide into full disintegration and the formation of several new states on the present territory of the Soviet Union. This could occur if the central government in Moscow adopted an inflexible position by preventing national self-determination and trying to preserve centralized economic management without any basic change. Disintegration could also occur if Moscow and moderate political forces in the republics allowed separatist groups to gain uncontrolled power.

Disintegration would be dangerous for the Soviet Union and for the outside world. It could lead to wars between the emerging states as they sought to change established borders by force or dictated conditions to their neighbors. Conflict might be used by nationalist or fascist forces to strengthen their hold on power and suppress democratic opponents. The border wars between Armenia and Azerbaijan, and the current conflict in Georgia and to some extent in Moldova, are examples of the potential consequences of disintegration.

Such new states could destabilize the balance

of power in Europe and Asia. Their economic position would deteriorate with the collapse of the internal market of the Soviet Union. They might then try to solve their economic difficulties by resorting to totalitarian methods in domestic and foreign policy.

A second possibility for the Soviet Union is a return to past practices of neototalitarianism. This could occur if the current political and economic reforms fail, leading to social unrest. Contending political groups would resort to uncompromising struggle. The only way to prevent chaos and disintegration would be to attempt to restore state control over all spheres. Such a reversion might trigger civil war or large-scale repression and bloodshed. In the end, no major problem would be solved. The totalitarian system has proven completely inefficient in managing political, economic and social activities in the Soviet Union. But before a fresh attempt at reform could emerge, the country

might pass through a period of isolation and another Cold War, accompanied by an arms race and a fragile balance of power with the ever-present threat of nuclear war.

In my judgment, these two scenarios are unlikely to materialize. Totalitarianism has been largely dismantled and discredited in the Soviet Union. The democratic process would now be difficult to reverse. Nine of the republics have reached an agreement on the main principles of a new treaty of union. These republics have close political, economic and cultural connections. Separation would severely damage each of them. They form the core of a federation that probably will be called the Union of Sovereign Soviet Republics and which covers four-fifths of the territory and population of the present Soviet Union.

Some of the remaining republics probably will join the federation. Others will become associated states. They will claim their full independence but in reality will have close political, economic and defense ties to the core group. Even the Baltic republics, which stand for radical separation, are starting to demonstrate a more reasonable attitude. They realize that without economic and other ties to the Soviet Union they cannot survive.

If a new Soviet state built on federal principles is the most likely outcome, what will its defense and foreign policies be? National security will be transformed. Defense spending as a proportion of gross national product will be reduced and the weight of the military-industrial complex in the national economy will decrease. Resources will be concentrated on economic development, raising living standards and maintaining internal security and stability. Military forces will be under central command. Some republics will maintain control over nuclear arms. It is significant that Boris Yeltsin, in his election campaign for the presidency of the Russian republic, said that he was against the formation of a Russian army. The structure of the new Soviet Union and its military forces will be such that neighboring nations will not feel threatened. It would be in the interests of the new state to support a stable balance of forces in Europe and Asia, and stability in regions close to the Soviet border. It would also be in Soviet interests to develop good relations with all countries as part of a program of economic recovery.

International Herald Tribune

A Peace Conference Won't Help Israel

By Yosef Ben-Aharon

The writer is director general of Prime Minister Yitzhak Shamir's office.

JERUSALEM — Most observers seem confounded by Israel's response to the latest U.S. proposal for a Middle East peace conference.

Israel's insistence on excluding a United Nations representative and its opposition to reconvening the conference after it launches direct talks are viewed, at best, as petty, pedantic and irrelevant.

At worst, Israel is accused of insincerity and an intent to undermine the peace process.

It is difficult for Westerners to understand that despite 43 years of Israel's solid presence and growing power, the Arab world still deems it a passing and illegitimate phenomenon. That is why, while professing a desire for peace, the Arab regimes are unable to do what any nation would do if it genuinely wanted peace: sit down with its adversary, hammer out differences and reach an agreement.

This refusal to recognize Israel's legitimacy and permanence is the fundamental obstacle to peace.

What the world must ask is not why Israel insists on being treated like any other nation but why the Arab regimes persist in adding extraneous components to the peace talks — a conference of indefinite duration, Soviet and European participation and, most important, involvement of the United Nations.

By forging these accoutrements they would make the one concession they are unwilling to make: They would recognize Israel as an equal, sovereign negotiating partner.

True, the United States has not asked Israel to accept the Arabs' demands for UN sponsorship of the conference, for the presence of the Security Council's permanent members, even for an active UN role. All that is required, we are told, is the presence of a "passive" UN observer.

But there is no such thing as a passive observer. The presence of an observer entails more than note-taking. He would have direct contact with delegates, submit reports to the United Nations and raise questions in the General Assembly and Security Council as soon as negotiations first reached an impasse. In short, it means UN presence on Israel licensed by its representative at the conference.

Above all, it means that reaching an agreement is not the exclusive responsibility of Israel and the Arabs

but that there is a "higher authority," a tribunal, to which they can appeal.

The very fact of the tribunal's existence abhors the Arabs of the need to recognize Israel as an equal. It would be foolhardy to ignore the United Nations' record as an anti-Israel instrument: Its preoccupation with Israel has been obsessive.

Before Iraq invaded Kuwait the Security Council never censured or condemned an Arab state.

Yet Israel, fighting invasions, assaults and terrorism since its inception, has been condemned by the council more than 50 times, and the General Assembly has heaped more censure on Israel than on any state, culminating in the grotesque "Zionism equals racism" resolution.

The Arabs' insistence on a UN presence is akin to their demand that the conference not be limited to

launching direct talks but that it be a continuing conference with authority to arbitrate.

The U.S. proposal is a compromise: The conference would not have authority to "impose" a solution and would be reconvened only periodically to receive a "progress report."

But, again, this would establish the principle of a "higher authority" with the clear purpose of circumventing the need to reach compromise directly with Israel and relying instead on pressure by governments bent on placating the 22 Arab countries.

There will be no lasting Arab-Israeli peace without Arab acceptance of Israel as an integral part of the Middle East.

The Arab regimes' efforts to avoid unembarrassed, unfettered direct talks indicate they have not yet recognized the need to such acceptance. If and when they do, the main obstacle to peace will have been removed and real negotiations can begin.

The New York Times

The Benefit to Israeli Interests Could Be Enormous

By Abba Eban

The writer was Israel's foreign minister and ambassador to the United Nations and United States.

JERUSALEM — By accepting the Middle East peace conference proposed by President George Bush and Secretary of State James Baker, Israel could register a breakthrough.

The benefits would include negotiations with Arab states, dialogue with mainstream Palestinians, intimate cooperation with the United States in a peace process, a new status in the European Community and diplomatic relations with the Soviet Union. The total result would be an economic upsurge that would help Israel solve the problems created by the providential arrival of immigrants from the Soviet Union and Ethiopia.

America's proposal envisions the symbolic presence of a United Nations observer at a conference at which the United States and the Soviet Union would be chairmen.

There is nothing new or significant in this idea. The UN secretary general in the Geneva peace conference of 1973 without claiming any influence on the proceedings.

Mr. Baker has worked hard and successfully to oppose a Syrian request to give the UN a conciliatory role. It would be tragic if vital benefits were wasted because of an exaggerated fear of a UN presence.

Contrary to the standard view, the United Nations is not a traditional adversary of Israel. No nation has derived similar advantage from it.

The Security Council is the heart of the system; only General Assembly resolutions called "decis-

ions" define the structure of the world community through UN membership. The Assembly exercised that power in Resolution 273 on May 11, 1949, when it admitted Israel to membership. That decision transcends the obscure graffiti of 1975 defaming Zionism as "racism."

The Security Council's role in Israel's history is complex and, in its overall result, creative.

In June 1948 the council voted the truce without which the first of Israel's wars could have ended tragically and without victory. In July the council denounced the Arabs' resumption of war and ordered a cease-fire on pain of sanctions.

In November a council resolution inaugurated the four armistice accords that stabilized Israel's territorial structure on the basis of successes in its war of independence.

In 1951 the council defined Egypt's blockade of Israeli shipping in the Suez Canal as illegal.

From 1957 to 1967 UN forces cooperated with Israel in establishing its right of free navigation in the Straits of Tiran and immunity from attacks from Gaza. In 1967 the Security Council, even the General Assembly, rejected five draft resolu-

tions calling for Israeli withdrawal from the newly captured territories without peace.

In November 1967 the council adopted Resolution 242, legitimizing Israel's presence in the territories pending a peace agreement.

In 1973 the council called for Middle Eastern nations to negotiate under U.S.-Soviet auspices. That year the Geneva peace conference inaugurated the disengagement agreements among Israel, Egypt and Syria, which prevented a resumption of the Yom Kippur War.

Israel recently joined in asking the council to maintain the UN forces that contribute to stability in the Golan Heights.

It would be bizarre to ask the UN to risk its forces in a zone of tension while prohibiting the presence of its official in a conference chamber.

There have been many unbalanced Security Council statements. But these have been rhetorical commentaries on passing events, while the council's pragmatic, unsentimental determinations on security, national identities, international law and negotiation across four decades are among Israel's principal diplomatic and legal defenses to this day.

The UN should neither be idolized nor demonized. It mirrors today's international system. Its flag rightfully belongs wherever the idea of peace is realistically debated.

The New York Times

The Black Movement Is Bleeding but Apartheid Is Far From Dead

By Thami Mazwai

SOWETO, South Africa — A stunned world has watched black South Africans slaughter one another, little realizing that the blood bath is a desperate attempt by revolutionaries to prevent, or at least delay, the day when the black majority gains control.

Two groups diametrically opposed are working toward this end, but acting independently. Rightist extremists and rogue elements in the security forces, the first group, are fueling the violence by supporting one faction against the other and even providing arms. Faceless, armed black men sail to be in the pay of whites leave dozens dead week after week. This violence, some reactionary whites hope, will set the nation afire and scuttle negotiations between the government

and the African National Congress.

The government and its security forces, the second group, initially looked the other way, taking a laissez-faire attitude. They wanted the black liberation organizations to take a hammering locally and overseas and to lose some of their appeal, giving the government the upper hand.

These strategies are working. Negotiations between the government and the African National Congress have stalled. Black loyalty is waning and overseas communities now wonder if democracy is safe in black hands. The world no longer sees the violence as being the result of apartheid at work, but as fighting between the ANC and the Inkatha, or as political intolerance in the townships.

But black leaders maintain, with good reason, that elements in the ruling National Party and other white organizations realized at least four years ago that the government's capacity to keep revolution at bay was being eroded by worldwide sanctions and mass protests by black political, labor and community organizations.

White think-tanks, in South Africa and in the West, realized that blacks' demands required a more sophisticated response than the jackboot, and decided that white interests, and those of overseas investors, would be better protected if black organizations were legitimized and the authenticity of their demands accepted by the government. This apparent denunciation of apartheid and moves toward democracy would be applauded by the international community. The government could then wrest the initiative from black groups.

When the government started negotiations with these organizations, it would be easier to influence the outcome by insisting on multi-party politics and "group rights," avoiding the winner-takes-all situation that comes after revolution or lesser forms of social change.

Capitalism also had a better chance of survival in a negotiated settlement. The collapse of communism in Eastern Europe could not have come at a better time, for it became easier for whites to demand the retention of a capitalist system in the new South Africa.

However, as it was essential that the government dominate negotiations, the black liberation movement, which included the ANC, the Pan-Africanist Congress and AZAPO, had to be weakened. In addition, all black groups, even those supporting the government, had to be assured their own place at the table.

Black leaders argue that the failure of the security forces to act quickly when fighting broke out among black organizations confirms this analysis. They point out that the government used similar tactics when it dealt with the education crisis. It first fought all efforts to change the deliberately infe-

rior black education system. Then it vaguely accepted that the system was flawed, but proposed no remedy. It arranged numerous meetings with black organizations to discuss the problem. In the wrangling that naturally followed — the same as is happening now — the crisis deepened. Exasperated black activists, unable to get things done their way, continued with their self-defeating tactic of disrupting education. The black community then blamed student activists.

The same is happening with the countryside violence. Many now blame black organizations, though some are aware that, somewhere and somehow, whites are involved in it. But they cannot pursue this argument much further. First, black organizations did start the fighting. And the white involvement is usually subtle.

When President Frederik de Klerk hosted a conference on violence recently, it was to show that he was doing something about it and to squelch accusations that the government is looking the other way. Violence has reached such proportions that it threatens the negotiation process, thus the rest of his plan.

Should talks resume, black organizations, now considerably weaker and aware they are being watched more closely by their constituents, will be at a deeper disadvantage. Not only will Mr. de Klerk enjoy the moral high ground, but his military might and the economic clout of a loyal business community will be behind him.

It is the black liberation movement that is being stabbed in the back, and apartheid is nowhere near dead. Now is not the time to lift sanctions or to accept South Africa's government into the international fraternity.

The writer, assistant editor of the Sowetan newspaper, is completing an educational sabbatical in Britain, the United States and South Africa. He contributed this comment to the Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Alliance Menaced

BUCHAREST — After a desperate diplomatic battle in Rome, England has apparently induced Italy to remain in the Triple Alliance, but it is evident to honest observers that the Italians cannot remain faithful to that combination very much longer. There is no doubt that Russia made a bold move this year, but has lost — for the moment at least. Her plan was to bring France and Italy together, and so induce Italy to solve her stupendous financial problem by withdrawing from the Triple Alliance. It is understood the Czar eagerly desires France to do something that would make a reconciliation with Italy easy.

1916: 'Attempt' on King

ATHENS — A revolver shot was fired at King Constantine on his arrival at the Stadium, where a great festival had been organized. The man who fired the revolver was arrested. A despatch charged that the affair was

really staged by the police for the purpose of having an excuse for arresting certain politicians who are considered to be hampering the Government. On the other hand it is stated that the "attempt" was prompted by the former Premier's agents. Immediately after the "attempt" a great patriotic demonstration took place.

1941: Taking Damascus

LONDON — [From our New York edition:] British Imperial and Free French forces were reported tonight [June 13] to have encircled Damascus with three columns and to be delaying full occupation of Syria's capital only for parleys with Vichy's local commanders in an attempt to avoid bloodshed. Free French troops were understood to be awaiting the result of negotiations to occupy the city. It was reported the Syrian capital was not defended. Ankara Radio said the evacuation of the city had been ordered by military authorities.

OPINION

The Wilder-Robb Feud: Democrats Oozing Sleaze

By William Safire

WASHINGTON — Remember that silent-movie classic in which Laurel and Hardy destroyed their neighbor's car while he grimly took apart their house? The same tit-for-tat demolition is happening within the Democratic Party.

Governor Douglas Wilder is a Virginia Democrat, a Korea combat hero, the first elected black governor of any state. Senator Charles Robb is a Virginia Democrat, a Vietnam combat hero, LBJ's son-in-law, chairman of the Democrats' Senatorial Campaign Committee. Both want to be president and they have long detested each other.

Mr. Robb and his operatives suspect that Mr. Wilder's hand was in the recent reshuffle of stories about Mr. Robb partying in the early '80s. The governor denied this but ordered his state police to investigate any intimidation of people who accused the senator of anything.

Mr. Wilder said his chief suspect that the hardball players on the Robb staff were behind the electronic eavesdropping and taping of the governor's cellular calls from his car in 1988. A transcript that recently surfaced in The Washington Post had him saying of Mr. Robb, "He's been reduced to nothing."

In this mud-wrestle, Mr. Wilder is winning and Mr. Robb is losing.

The senator's aides stupidly called in a former Miss Virginia who was claiming to have had an affair with him and told her to warn her private-eye pal that he would have tax problems. The woman had secretly "wired" herself, however, and NBC gleefully broadcast her recording of the aide's blustering.

Mr. Robb submitted to a lengthy examination about what he characterized as an innocent message in a hotel room. He broke the political rule of dignified denial: Don't lie, but never go into detail.

Mr. Wilder took a feistier approach. Although the eavesdropping of his car phone shows him degrading his fellow Democrat, he protests that he was not the source of the Robb smear; moreover, he issued a statement from a European junk that the cellular invasion showed him to be "the victim of crime."

Mr. Robb, on the ropes and under pressure from his senatorial colleagues, has just suspended all three of his top staff aides. He admitted that he did know about the taping of Mr. Wilder, adding that he hadn't listened to it and had ordered it destroyed — but not until two years after it came over the transom.

The triumphantly victimized governor has said that he would agree to meet with the senator, not in Washington but in Richmond, where presumably he would take a surrender in full gubernatorial regalia.

The question lurking in evil political minds: What else do the Robb forces or supporters have in the file?

The divorced governor has gutted defended his friendship with the recently divorced wife of the billionaire John

Kings. Provoked by the humiliation of the senator, however, Robb supporters are seeking evidence of a relationship in the '80s; perhaps to forestall that, the governor is reminding snoopers that telephone eavesdropping is a crime.

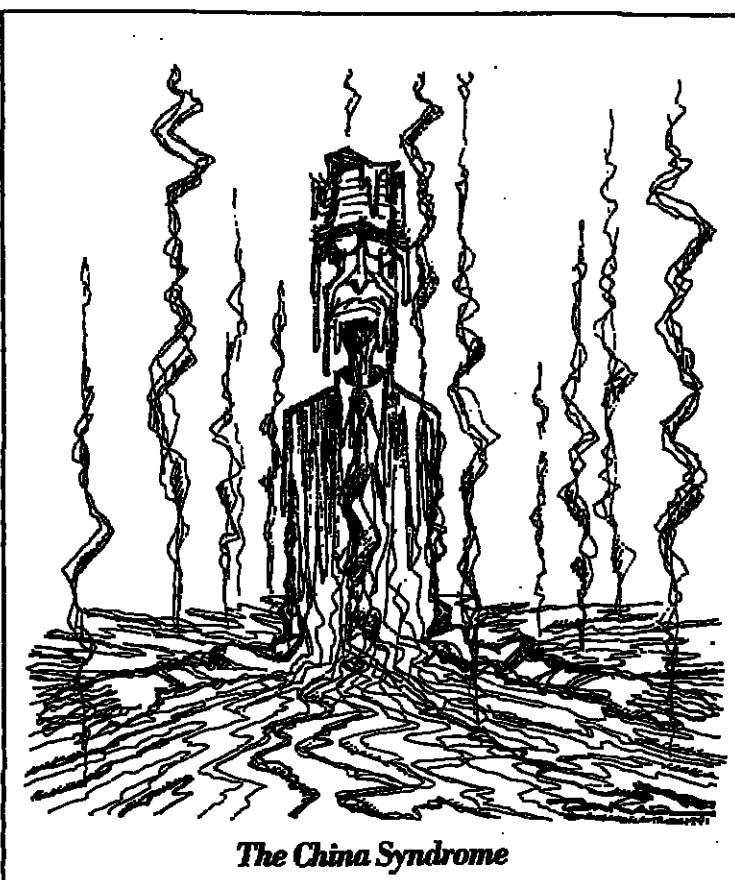
Who needs all this stuff? Here are two high officials with good futures, on the same side of the same party, reducing each other's reputations to rubble — for what? To be the vice presidential candidate on a losing ticket in 1992? The game is not worth the candle.

Mr. Wilder has allowed personal vindictiveness to show; he loses by winning. Jesse Jackson, saved by the feud, will pick up delegates in the proportional-representation Democratic primaries; that's great news for Republicans.

These do bugged bellies and taped calls have their effect on great events. Twenty years ago, electronic eavesdropping was used unlawfully to plug security leaks or learn financial secrets; now, with advanced mikes and scanners, it is being used to entrap fellow hardballers and to snatch gossip out of the air.

Nonracial, nonideological, nonpartisan — sleaze oozes on.

The New York Times



The China Syndrome

The Voice of the Powers That Be

By Richard Harwood

WASHINGTON — In his Victorian novel "The Warden," Anthony Trollope introduces us to a loathsome character, Tom Towers. He is the editorial writer for the Jupiter, a fictional newspaper modeled on The Times of London.

Tom "loved to sit silent in a corner of his club and listen to the loud chattering of politicians and to think how they were all in his power. Ministers courted him, bishops feared him, generals in their councils of war did not consider more deeply what the enemy would do than what the Jupiter would say. . . . and so he walked on from day to day, studiously striving to look a man but knowing within his breast that he was a god."

If there are clones of Tom Towers (or gods) resident in the editorial offices of The Washington Post, I have not encountered them. But the unending courtship of the men and women who occupy those rooms is a sight. A week rarely passes without a limousine or two arriving at The Post's front step, disgorging politicians, lobbyists, cabinet members, Third World revolutionaries, diplomats, heads of state and of great corporations. They troop into the building, sometimes trailing aides and advisers, for coffee or lunch or policy sessions. They are seeking, in one form or another, a nod of approval from the powers that be: perhaps a "positive"

news story or profile, perhaps an editorial endorsement of a cause or an individual, or they may simply hope to allay a doubt or set at rest a suspicion.

These pilgrimages are based on the presumption that The Post's editorial policies, like those of the Jupiter, have real effect, that they radiate, as the independent writer Mary Meehan put it, "the kind of influence and political power that most politicians can only dream about."

MEANWHILE

Theorists of mass communication might dispute that notion, arguing that the "power of the press" is vastly overstated. But practitioners of politics in Washington tend toward the Meehan view.

They argue, plausibly, that the mayor of Washington owes her office to The Post's editorial exertions. And it is a matter of record that Lyndon Johnson once put an implausible value on The Post's editorial support for his policies in Vietnam: an entire division of U.S. troops.

Assessing the influence of The Post's editorial page, or the lack of it, is ordinarily an exercise in political calculation. There is little discussion of its possible imprint on the cultural or economic life of the community, on its scientific or educational establishments.

The explanation is obvious. The Post's editorial writers are preoccupied — obsessed is perhaps the better word — with affairs of state; of 27 editorials published in a recent week, 25 dealt with such matters. This provides focus for their work. It also tends to define and limit the page's audience. The mass of mankind, even in Washington, has far less interest in the financial condition of the United Nations or the fate of House Bill 1111 than in J.R.'s just deserts.

But in the case of The Post, what is important is who "times in." The president usually times in, and, presumably, the other 35,619 Washingtonians who have been identified as "opinion leaders."

The newspaper's editorial page, its editor, Meg Greenfield, has said, is "a license to get into the argument" of public life, a chance to carry on a dialogue (or monologue) with those "opinion leaders." How is this assigned, or cathartic dialogue shaped? Whose voice do we hear from behind the curtain?

At the top of The Post's editorial page is a warranty of sorts. It assures us that The Post is "An Independent Newspaper." The paper has generally done a passable job of living up to that promise, although it has had editors and at least one publisher who, some years ago, got too close to the throne. But in more recent times, independence and unpredictability have been characteristic of its editorial policies. It has tried to avoid polemics and sloganeering.

Philip Geyelin, the editorial page editor in the 1970s, had an aversion to tub-thumping and hallelujahs. "What newspaper readers need," he said, "is a

little perspective — a measured application of reason and logic and documented argument." Ms. Greenfield is of the same mind: "Sloppy, what-the-hell standards of evidence," she said, are unacceptable.

But the Graham family, which owns the paper, grew weary in the late 1970s of the Geyelin formula, as Chalmers Roberts has recorded in his history of The Post: "It seemed to have become too gelatinous, too much of 'on the one hand . . . but on the other.'" Criticism in that vein is still heard, especially on the left. In those pews, the paper's refusal to choose in 1988 between George Bush and Michael Dukakis was conclusive proof that it had become an indecisive, megalomaniac institution.

The Grahams were involved in that decision, and they have been involved in the evolution of the paper's contemporary neo-lib or, as the case may be, neo-con reputation. It is a product, as Katharine Graham has explained, of a "general harmony of minds [among the owners and editors] about approaches to the issues, about the management of the editorial page and about its tone." Within those loose parameters, the daily policy-making functions are delegated to the editorial page editor.

History weighs heavily on Post policy. After a brief bewitchment with appeasement in the 1930s, it sought an activist role for the United States in world affairs. It embraced the Truman Doctrine to halt a Communist takeover in Greece and Turkey, supported the Korean intervention and stayed with the Johnson policies in Vietnam long after many of the original hawkers — The New York Times, for example — had begun to cool. Its domestic policies are heavily influenced by the legacies of the New Deal, Fair Deal and Great Society but have been tempered of late, as the Democratic Party is being tempered, by skepticism on government's capacity for universal problem solving.

While Ralph Nader pins a conservative label on the page, the more common accusation is that the paper, once known in Dixie as "Pravda on the Potomac," remains to the left of the mainstream.

But The Post's editorial line has never strayed far from the attitudes that the sociologist Herbert Gans ascribed to American journalists in general: "centrist, elitist, democratic, responsible, capitalist, small-town pastoralism, individualism and modernism." These are the values of the American middle class, which produces politicians, journalists and Post editorial writers. These latter are quintessential Washingtonians: well-educated people who have opinions on all things in the universe and are paid to argue them, either flat or round.

The Washington Post

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LETTERS TO THE EDITOR

Put New Yorkers to Work

Hallelujah and amen (all that from an atheist) for Michael Specter's article (Meanwhile, May 30) on the vitality, diversity and unsinkability of New York.

I appreciated his rarely cited observation that in other large American cities the middle class can more easily hide from "their problems" via a "subtle residential apartheid." I can't help but notice that Paris is equally protected. No such convenience exists in New York, where the impoverished minorities live cheek-by-jowl with the affluent.

How appropriate that beside Mr. Specter's piece ran George Will's column on "remoralizing" the underclass — getting them to take responsibility for themselves as a way to escape from their culture of poverty. Wouldn't that be wonderful? (I know some affluent, well-educated people who do not take responsibility for themselves.)

I certainly don't know how to transform the underclass into productive, participating citizens, especially given our democratic and political structures. At least Mr. Will and those he quotes — Roger Starr and the editor of Public Interest, Joel Schwartz — are the first in a long time who are willing to broach the subject. For the most part, America's Republican and Democratic leaders, like the affluent in all big cities, want to forget that the underclass (dysfunctional poor, passive poor, nonworking poor) exists.

New York, however, is the first major

city where their existence has become too close for comfort. New Yorkers can choose to run to their beach houses, Los Angeles or even Paris, or they can put their intellects and energy to work at solving one of the country's most intractable problems.

DEBRA WOLLENS, Paris.

Asylum for Mengistu

Why has Zimbabwe granted asylum to Mengistu Haile Mariam? A list of his atrocities against the Ethiopian people would require volumes. The people of Ethiopia came to the aid of Zimbabweans during their struggle for independence. Let Zimbabwe reciprocate by returning Colonel Mengistu to face trial in Ethiopia. This will not only be a triumph for justice but will also serve as a deterrent for other tyrants and will send a message that there is no safe haven for the likes of Colonel Mengistu.

YEWONDWOSSEN M. Bombay.

The Cambodia Accord

Regarding "High Time to Stop Looking at Indochina as a Unit" (Opinion, May 29) by Catherine Dalpino:

The writer's contention that "requiring Vietnam to sign the UN peace accord and honor its provisions is proper as one condition for normalization" ignores a far more important aspect of the

Cambodian conflict: how to make the Khmer Rouge honor the agreement. The fatal weakness of the UN initiative is that it fails to stipulate how warring Cambodian factions will be disbanded.

To put the entire onus on Vietnam while ignoring the fact that the Khmer Rouge remain the biggest obstacle to peace will not get us anywhere. The United States, after years of misguided policies, seems to be slowly moving toward a more balanced policy toward Vietnam. The United States should accelerate the process by improving its relations with Vietnam, with which it shares a concern: how to prevent the Khmer Rouge from regaining power.

MAHMOOD ELAHI, Ottawa.

A Woman's World

Regarding "Marriage Made Simple: The Benefits of Sharing" (Opinion, May 24) by Elizabeth Joseph:

I was surprised to read in the International Herald Tribune, in 1991, an article about the benefits of polygamy. Would it not have been more in line with women's current evolution to publish an article about the benefits of monogamy? If we use similar terms, simply reversing them, here is what it sounds like:

"In a polyandrous structure, most nights men agree they'll go fishing together after work to restore their energy, or simply watch a football game on TV and drink a couple of beers. One night a

week, it is different. That is the night spent with her. It is a special event because it only happens once a week."

"Most of the other evenings, with career demands, all men want to do is collapse into bed and sleep. As for the wife of those men, while most of her husbands are at work, pursuing their careers, she can almost always find one husband who is willing to chat over coffee."

SOPHIE BODY-GENDROT, Paris.

Dangerous Sentiments

Regarding "CIA Study Warns That Japan Seeks Economic Domination" (June 8-9) by Paul F. Horvitz:

Imagine that this CIA report had been written by German authorities in 1936 about the Jews. What parallels can be drawn between Japan-bashing in the United States today and anti-Semitism in Nazi Germany?

ANDY CORSINI, Marseille.

The More the Merrier

The recession in the United States is widespread, but one would think that David Rockefeller (People, May 30) could be more accommodating with his guests. We all enjoy rubbing shoulders with interesting people, but 200 dignitaries and scientists on four 44-foot sloops for 10 weeks sounds cramped.

DAVID G. CREIGHTON, London.

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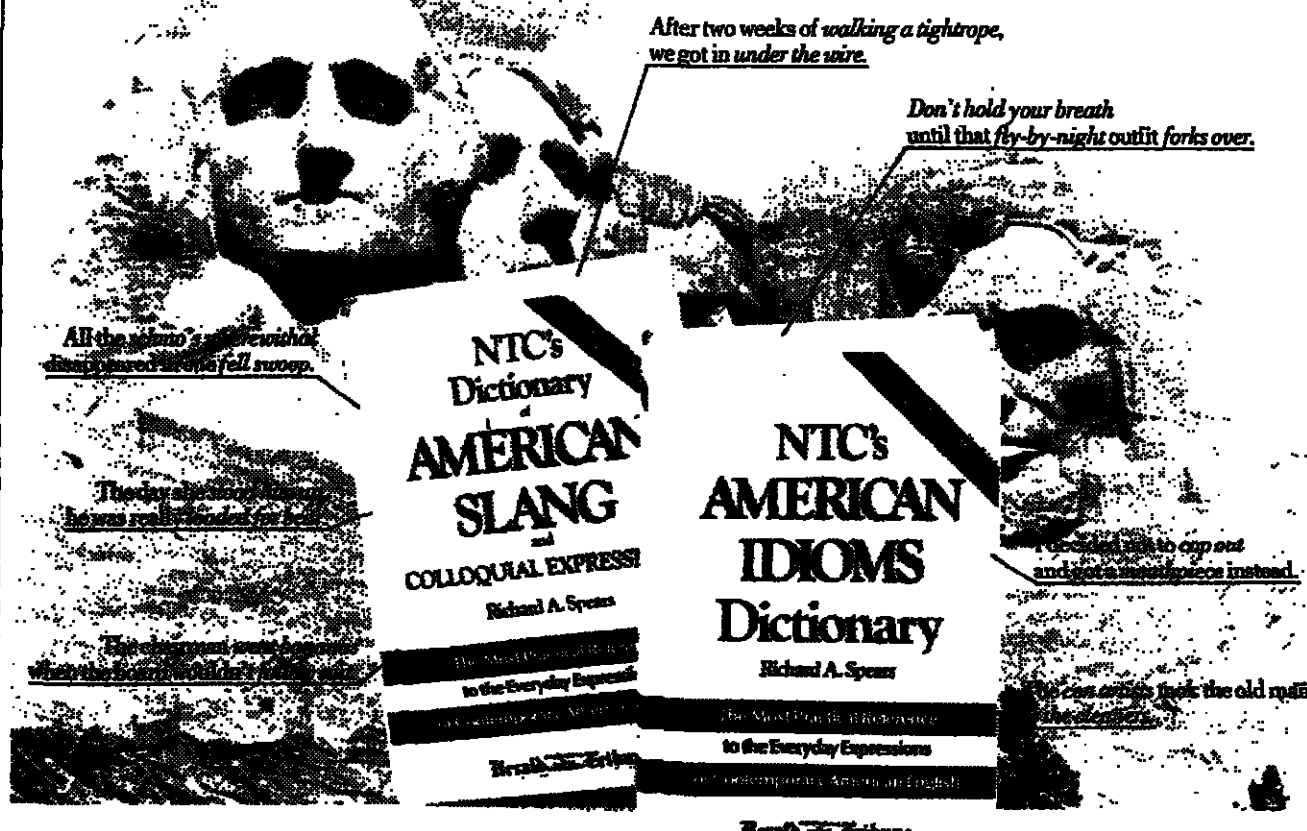
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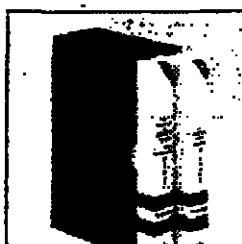


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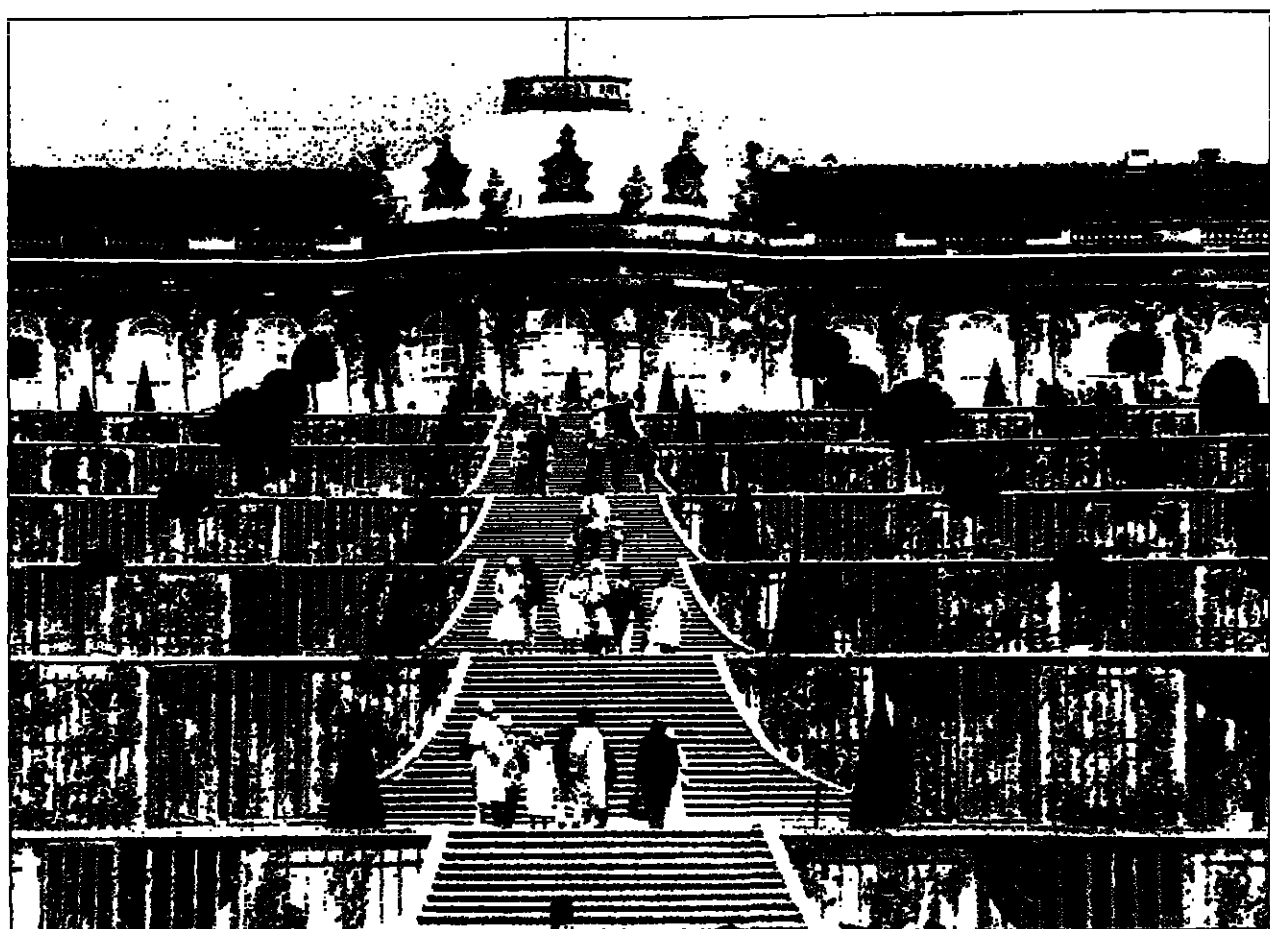
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TRAVEL

International Herald Tribune



The approach to Frederick the Great's Rococo pavilion of Sans Souci, the Chinese teahouse in the park, closed for renovation until next year, and one of the statues at the teahouse.

Grandeur and Surprises in Frederick the Great's Potsdam

by Olivier Bernier

POTS DAM, Germany — Frederick II, King of Prussia, has long been famous as one of history's great generals. He attacked ruthlessly, conquered repeatedly and raised his country to the rank of a great power. That, as it turned out, was a dubious achievement, and one that the rest of the world has had good reason to regret. But one aspect of his activity, at least, deserves nothing but praise: the complex of palaces at Potsdam. Now that splendid ensemble of buildings is again easily accessible, just a 45-minute drive from central Berlin.

The park, at first, was just a vast piece of land purchased by Frederick's father, Friedrich Wilhelm I, as a hunting preserve next to the small garrison town where he had in-

stalled his Guard of Giants. In 1740, Frederick succeeded to the throne, and development began. First came a vast French-style garden, a few traces of which remain; then a pavilion, Sans Souci (French for "carefree"), where he could enjoy the privacy he craved. Eventually, he added other buildings, including an art gallery open to the public, a variety of small and charming structures in the park, and finally a vast and splendid palace, the Neues Palais.

Frederick the Great died in 1786, and, for a while, nothing much happened at Potsdam; but between 1825 and 1860, additions were built: Friedrich Wilhelm III and Friedrich Wilhelm IV asked Karl Friedrich Schinkel, the great Neoclassical architect, to design a villa, the Charlottenhof, and fanciful (but nonfunctional) Roman baths. As a result, Potsdam offers some of

the best German architecture of two centuries: three palaces, the Orangerie and a Chinese teahouse. The best way to start a visit is at the chronological beginning: the elegant and evocative Sans Souci. Built between 1745 and 1748 and designed by Georg Wenzeslaus von Knobelsdorff with constant input from Frederick himself, this is nothing more than a medium-size house, the perfect residence for a sovereign who hated pomp and etiquette but loved music and good conversation.

Here, Frederick could play his flute, read, write (always in French) vast amounts of second-rate verse, hold the supper parties that were his favorite entertainments and, on occasion, plan his next conquest. At first glance, Sans Souci seems the very opposite of a private pavilion. Once past the gateway, the visitor finds himself in a large

courtyard defined by semicircular colonnades while the entrance itself is through a portico of four giant columns. Inside, in the reception hall, the grandeur continues: paired Corinthian columns with gilt bases and capitals, gilt reliefs above the door, a gray marble floor; all tells us clearly that we are visiting a king.

The rest of Sans Souci has nothing to do with the grandeur of the entrance. The rest of the palace, the Neues Palais, at the other end of the park. That, in fact, owed more to politics than inclination. During the early part of the Seven Years War, after a number of defeats, which entailed the occupation of Berlin by the Russians, Frederick was eager to show the world that, far from being beaten, he still commanded resources that enabled him to fight and build at the same time.

Because Frederick was a gifted composer and flutist and because music meant a great deal to him, the music room is particularly spectacular. With its wood panels of floral and musical instrument motifs carved and gilded against a white background, it offers the best of the 18th century.

There is more, of course, including an enchanting guest room, influenced by chinoiserie, with walls of carved polychrome storks and monkeys cavorting among garlands of flowers, and a long, narrow gallery where Frederick at first hung his collections; but soon, the paintings multiplied and a larger space was needed, so a separate gallery was built down the hill.

Designed in 1763 by J. G. Büding, this is a grand space: Paired columns define the center, tall windows let in light from the garden and, in true 18th-century fashion, the walls are covered from floor to

ceiling with paintings. Some are first rate, like Caravaggio's "Doubting Thomas" and two Guido Renis ("Charity" and "The Death of Cleopatra").

Having thus built himself a country retreat, the king went on to do the one thing he might have been expected to eschew: He ordered the building of an immense and formal palace, the Neues Palais, at the other end of the park. That, in fact, owed more to politics than inclination. During the early part of the Seven Years War, after a number of defeats, which entailed the occupation of Berlin by the Russians, Frederick was eager to show the world that, far from being beaten, he still commanded resources that enabled him to fight and build at the same time.

WHILE Sans Souci is all discreet refinement, the Neues Palais is a curious blend of standard middle-European Baroque, inflated grandiloquence and stolid decor. The design by Büding and Gontard is thoroughly conventional. But then, protruding from the center of the building and painted black, a shallow dome is set on a tall, windowless drum and topped by three nude female figures holding up a crown. The dome serves no functional purpose, but Frederick decided a royal palace should have one. The ladies are said to represent his chief enemies in the Seven Years War: Elizabeth of Russia, Maria Theresa of Austria and Madame de Pompadour. That waspish touch is typical of the

king for whom calumny was a major and frequently used weapon. The palace looks simple enough, but then, just before the entrance, the most astonishing structure rears up majestically. Centered on a triumphal arch, it includes elliptical colonnades, obelisk-topped kiosks and domed temple-like pavilions set on high bases.

Clearly, its grandeur made its erstwhile Communist masters uncomfortable. First a high school was installed in one of the wings; then a restoration program was started, and to all apparent purposes, promptly stopped. It has not visibly progressed within the last 10 years, but the accumulation of crumbling stone, rusting metal, assorted garbage, all among prefabricated huts, will, we may hope, soon be removed so that a real restoration can begin.

Inside the Neues Palais, there are roccoco interiors of varying quality. Here again, however, there is a surprise. Although the fashion for artificial grottoes inside buildings was long dead, there is, on the ground floor, an entrancing grotto hall with motifs made of a variety of colored shells and an astonishingly large range of minerals and semiprecious stones.

Before one goes on to Schinkel's buildings, nothing could be more suitable than a walk through the park to visit Frederick's pavilions. The star of the group is the green and gold Chinese teahouse.

A typical manifestation of the 18th-century fascination with the East, the teahouse is Chinese in name only. Although it, too, has a

shallow dome and a drum, it is topped with a gilded life-size mandarin holding a parasol, and the drum rises from a tent-shaped roof gaily painted with wavy red, white and green motifs. Unfortunately, the teahouse is closed for renovation until next year, but the exterior is worth noting.

The mood changes dramatically as we progress in time. The Charlottenhof, designed by Schinkel in 1826, is classically simple, but it, too, is first rate. A plain oblong block, it is enlivened by a pedimented central door and a series of asymmetries: a bow window on one side, a single pergola joined to a little portico on the left of the garden facade. All here is on a small scale. Most of the rooms are no larger than those of a modern apartment, but Schinkel's imagination makes them look vast.

There is something very modern — indeed post-modern — about Charlottenhof. But it is at the Roman baths that Schinkel shows just how well he can handle a complex program: Looking back to Lequeux, the visionary late-18th-century French architect, and forward to the Victorian era, he masses towers and pavilions in an unexpected crescendo so that it takes a while before we can figure out just what is going on, what belongs with what.

Enter the gateway, and you find more treats. The charming flowered courtyard leads on one side to a one-room, temple-like structure, the inside of which is frescoed with flowers and climbing plants, while, on the other side, the Roman baths,

complete with caryatids, marble tub, columns and Pompeii-like frescoes, offer a highly pleasant trip into a pretend ancient Rome.

ALL this is sited next to an artificial river, which is part of the English garden surrounding these Schinkel structures. There are also unexpected little water spouts in front of Charlottenhof — they are meant to look like springs — and picturesque groupings of huge and splendid trees. Here, all is gemlike: Neoclassicism is beginning to give way to the taste for historic imitation, indeed to the sentimentality of the mid-19th century. But because it was all designed by Schinkel, it is well worth seeing.

Just how fast taste declined thereafter, however, can readily be seen across town. There, in another splendid park, is the Cecilienhof. Once the residence of the crown prince, William II's eldest son, it was built from 1912 to 1916 in an English half-timbered style, and is as huge as it is ugly. Today, it is a hotel and is thus a convenient place to stay while visiting Potsdam. If you want to avoid the Berlin traffic, it was also the site of the 1945 Potsdam Conference, and a visit to the museum wing, which contains the conference hosts, is a perfect way to end a visit to Potsdam.

Olivier Bernier, the author, most recently, of "Words of Fire, Deeds of Blood: The Mob, the Monarchy and the French Revolution," wrote this for The New York Times.

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Italy's Piedmont — A Region for All Seasons

NOVELLO, Italy — There is no reason to wait until fall and the white truffle harvest to tour the rolling hills of Italy's Piedmont and the Langhe region, with its fragmented vineyards and compact villages, where the air is filled with a sense of industriousness and the faces manifest a certain self-contentment.

Garden vegetables, soothing pasta, luscious stewed rabbit and a selection of wines — delicate as well as robust — make the Piedmont a fine place to visit in any season. One recent evening we wound our way to Monforte d'Alba — population 1,973 — and found ourselves seated

PATRICIA WELLS

near the window overlooking a valley at the Ristorante Giardino-du Felcin, a pleasant family restaurant with the sort of understated, simple elegance that only the Italians manage to pull off. Bentwood chairs, gorgeous wine decanters, red tile floors and oriental carpets, white wild flowers in a pure white vase serve to set the stage.

The loud, blaring American music disrupted the harmony as did the rather bored, "here we go again" attitude of the owners, Giorgio Rocca, the chef, and his wife, Rosina. If you go, do not be pressured into taking the menu degustation, as we were. The food is delightful, but too much of a good thing blurs positive impressions.

That said, I'd go back tomorrow, for the food here was distinctive, full of pure and honest flavors. I loved the marvelously light, *carne cruda*, freshly ground beef delicately seasoned with just a touch of lemon juice and olive oil and showered with minced parsley and finely chopped celery. Little mouth-watering appetizers — such as the combination of veal sweetbreads, veal sausages, strips of red and yellow pepper sprinkled with vinegar — helped wake up the palate for the pasta and meats to come.

Bathed in butter, the homemade ravioli came stuffed with succulent green sage, then was showered with generous portions of Parmigiano-Reggiano freshly grated at the table. Equally fine was the golden tagliatelle with just a drizzle of oil and a cascade of cheese.

The capretto — or kid — was mostly fat, and did not have the young, spring-fresh flavor it should have, but the molded chicken galantine, stuffed with herbs and chard, was a perfect spring-summer dish.

For dessert, sample the Rocca family's *panna cotta*, the sweet, flan-like regional dessert that is sweet, tangy, and immorally rich. A gelatin-thickened mixture of heavy cream, milk, sugar, and vanilla, all doused with caramel, it makes *crème brûlée* seem like diet fare.

The wine selection is excellent, and we followed the waiter's advice, sampling a bone-dry, acidic white Favorita with the antipasti, and a powerfully rich and full-bodied 1988 Barbera d'Alba from Andrea Oberto.

Even if you were in a cranky mood when you walked through the door of La Contea in Neive, the ambience would warm your heart and cheer your soul. As you go to the table in this time-worn and romantic 17th-century village palazzo, candles flicker, windows open to a bright garden, there is the open and welcoming heart of Tonino Verro, who along with his wife, Claudia, runs a small family restaurant devoted to the rich gastronomic heritage of the region.

La Contea is a monument to Italian simplicity, with its plain white china, crisp white linens, brass chandeliers and ancient red tile floors. The menu — filled with recipes gathered from local grandmothers — is more on the homey side, and includes homemade pastas, fragrant vegetable soups, meats and poultry. The dishes I loved most here include a homemade pasta called *maltagliate*, and the satisfying *cogniglio alla cacciatora*, a classic and familiar rabbit dish. Maltagliate is the local fresh pasta, cut

into rather rough strips, and here served with the most delicate whisper of sauce, flecks of tomatoes, chunks of asparagus, and a sprinkling of freshly grated Parmigiano-Reggiano. The rabbit arrived in hearty chunks, bathed in a fragrant and colorful sauce of red peppers, tomatoes, oil and herbs, and served surrounded by a little fence of hearty polenta.

Tonino's Christmas present to his wife was land for a giant herb and vegetable garden, and the fruits of the garden show up on your plate, in the herb-flecked custard flan known as *tartu*, and a refreshing raw vegetable salad that combines celery, carrots, lettuce, onions, and an avalanche of wild and cultivated herbs.

If you are not yet convinced that the Piedmont is one of Italy's greatest wine regions, Tonino will be happy to persuade you in a positive direction.

As for a place to stay in the region, I highly recommend the modern, nine-room Hotel Barbaresco in Novello, a village just outside the wine community of Barolo. Mara and Vittorio Beccaria are extraordinary hosts, and also serve good regional foods and wines in their small Enoteca across the street.

Ristorante La Contea di Neive, Piazza Coccin 8, 12057 Neive, 12 kilometers northeast of Alba; tel: (0173) 47126. Closed Sunday evening and all day Monday, except September, October and November. Credit cards: American Express, Visa, Diner's Card. About 65,000 lire a person, not including wine or service.

Albergo Ristorante Giardino-du Felcin, Via Vallada 18, 12065 Monforte d'Alba, 15 kilometers southwest of Alba; tel: (0173) 78225. Closed Wednesday. Credit cards: Visa. About 52,000 lire a person, not including wine or service. Hotel Barbaresco, Via Giordano 35, 12060 Novello, 2 kilometers southwest of Barolo; tel: (0173) 731298; fax: (0173) 30059. Credit cards: American Express, Visa. Rooms from 57,500 to 79,100 lire.

TRAVELER'S CHOICE

Euro Disneyland Advance Sale

■ Tickets are on sale for Euro Disneyland, the theme park near Paris, scheduled to open April 12, 1992. A commemorative ticket providing unlimited access to its attractions for a day costs 200 francs, 150 francs for children 3 to 9. Euro Disneyland, which is at Villiers-sur-Marne, east of Paris, is modeled largely on the Magic Kingdom at Disney World in Orlando. Tickets and information in Europe: (33-1) 64,74,43,03; in the United States: (407) 824-4321.

Truman's Florida Retreat a Museum

■ The house in Key West, Florida, that President Harry S. Truman used as a retreat is now a museum. Truman first

stayed in the house in 1946 when his physician advised a vacation. The house, then the home of the commandant of the submarine base at Key West, has been empty since the base closed in 1974. Key West officials say the recent renovations to the Little White House return the building to its appearance in the 1940s. Some of the interior furnishings are original.

Vienna's Palmenhaus Restored

■ The recently reopened Palmenhaus in the park of Vienna's Schönbrunn palace was built in 1880-82 along the lines of London's Kew Gardens. It was not only the largest hothouse in continental Europe, but its wrought iron and glass design anticipated Art Nouveau. In 1945, American bombs destroyed the glasshouse, which was then

rebuilt unattractively in postwar scrap metal and concrete. When a 1976 inspection showed the Palmenhaus about to cave in, it was closed abruptly and reconstructed along its original lines. Open daily from 9:30 A.M. to late afternoon, it is divided into three climates, with live birds and recorded sound effects. (Alan Levy)

Learning to Play Railway Engineer

■ Those who have always wanted to play engineer on a speeding locomotive can take a five-day course in train driving offered by the Fairbourne and Barmouth Steam Railway in Wales, a privately run narrow-gauge line. Information: Fairbourne and Barmouth Steam Railway, Beach Road, Fairbourne, Gwynedd LL58 2PZ, Wales; tel: (341) 250362.

TRAVEL

Serenity Amid the Ruins
Antiquities and Tavernas on Eastern Crete

by Rob Bingham

SETEIA, Greece — The town of Mochlos sits at the end of a winding road that leads down to the sea. Circled by the craggy Ornos mountain range, Mochlos is the epitome of Cretan tranquility. You can sit at one of the three shaded tavernas, put your feet up and watch a team of American and Greek archaeologists working in the dry summer heat on the small island of Mochlos, which was once joined to the mainland of eastern Crete by an isthmus. There Jeffrey Soles, a professor at the University of North Carolina, and Costis Davaras, a prominent Greek excavator, have been making archaeological history by disproving a long-held theory about the downfall of the Minoan civilization.

From 3000 B.C. to its demise around 1500 B.C., this first flower of European civilization has excited imaginations worldwide with its bull dancers, snake goddesses and labyrinths. For years the gigantic eruption at Thera in 1450 B.C. was thought to have destroyed the Minoan culture. But when Soles and Davaras excavated a Minoan villa on top of Thera's volcanic ash during the summer of 1989, they showed that the Minoans had survived the eruption.

You can hire a boat for the pleasant ride across the beautiful 150-yard strait, and you will want to wear light footwear once on shore and should be warned not to step on any ancient walls near the water's edge. It is not uncommon to see people swimming across.

Mochlos, for centuries an important trading post and defensive stronghold, boasts remains from five ancient periods, from the prehistoric, or early, Minoan period of about 2600 to 2000 B.C. to the Roman, beginning in 67 B.C. At the west end of the island, eerie chamber tombs, reserved for Minoan nobility, are shaped like houses with stone slab doors. You can get to them by following a path beginning at the south end of the island that runs along the western shore. From these tombs archaeologists have reaped stone vases, finely crafted gold jewelry and an impressive seal stone bearing the image of a ship that, as Soles said, "looks as though it had sailed off a Santorini fresco." Most of these treasures are on display at the nearby Agios Nikolaos Archaeological Museum.

Back on shore, you can check into one of the simple, inexpensive rooms for rent one street back from the water and unwind in the sophisticated bliss of a Cretan village virtually untouched by tourism.

The trip eastward to Seteia takes a bit over an hour by car and the roadside is filled with pink oleander flowers and the occasional smell of honeysuckle. Seteia is a bustling port town of about 9,000 dominated by a string of well-shaded cafés and tavernas along the water, and it is a convenient base from which to explore this end of the island.

Most signs of the Venetian occupation of the 16th and 17th centuries have vanished, though there are still shells of a few Venetian houses and administration buildings. These houses, with abandoned interiors, are enjoyable to explore, especially during a clear night when their terraces provide a

Put your feet up and watch a team of archaeologists at work.

good view. You can look out over the bay and see the bright bobbing lights from the gas torches of harpoon fishermen.

Some fishermen in Seteia don't mind company, so if you ask one of them politely, he might take you along for an evening. During the daytime, Seteia's pink pelican is the king of the waterfront.

After lunch, a visit to the Archaeology Museum, on the road south toward Hierapetra, is in order. The museum may look like a military garrison on the outside, but inside it holds an unsurpassed masterpiece of Minoan artwork — the gold and ivory statuette of a male divinity figure. Excavated at nearby Palaikastro in 1987, this figurine surprised the archaeological world with its naturalism. It is also redefining conventional theories of Minoan religion and craftsmanship.

"It's a predecessor to Bernini," says Sandy MacGillivray, a leading excavator at Palaikastro with the British School of Archaeology. The 3,500-year-old statuette is the most impressive piece of naturalistic Minoan sculpture found to date.

The town of Palaikastro is about 10 miles east of Seteia and can be reached by car or bus through the rugged countryside. Many visitors simply skip the town and go to Vai, a popular beach and the only serious tourist attraction in eastern

Crete. Palaikastro is an old-fashioned, self-supporting village and, since the Greek Ministry of Culture has declared miles of land near the sea a development-free archaeological zone, it will likely remain that way for years. Many of the town's inhabitants are employed by the British School archaeologists, who have been digging there in the summer since the early 1960s.

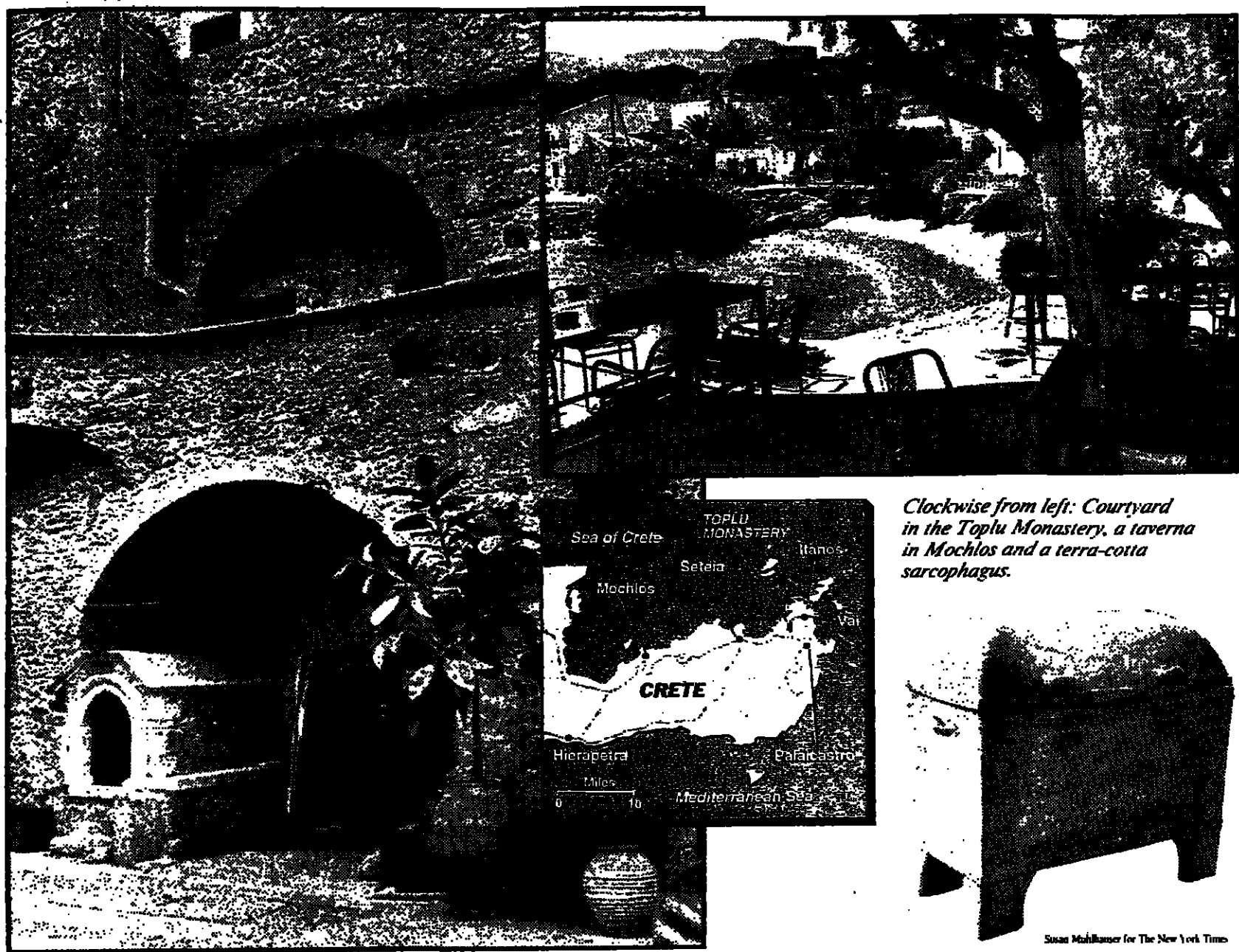
The Minoan town of Palaikastro is about a mile from the modern hamlet at the end of a winding road. Though the ancient town still defies interpretation, archaeologists have discovered evidence that it may have been a center for the cult of youthful Zeus Diktaios. Stewart Thorn, an American excavator, and others digging at Palaikastro say the gold and ivory statuette of the youthful cult figure suggests that the town could have served as a center for male rites of passage.

The Toplu Monastery is about seven miles from Palaikastro. This magnificently restored structure has a bloody history. From the Knights of Malta to the Turks and Nazis, Toplu has weathered the onslaught of invading armies and still continues to be a religious center, as well as a large landowner in the area.

The abbot of Toplu, known as the Hegumenos, recently came out of three years of self-imposed isolation after he had disagreed with a change in wording in the Greek Orthodox liturgy. He is not the first abbot of principle to rule over the 14th-century monastery. During World War II, Abbot Silignakis and his monks ran an underground radio transmitter that provided information on troop movements to the Allies. The abbot was eventually caught by the Nazis and executed.

Upstairs, an archaeologist led me to where artists were painting religious frescoes after the 16th-century Cretan fresco master Theophanes. The Hegumenos, who had recently attended a medieval fresco painting school in Romania, is leading the effort. The road from Toplu takes you down from the mountains and to the ancient town of Ierapetra near the sea. On the way to the beach, you walk along a path filled with hundreds of polished, early Christian basileia marble and ancient Greek pillars.

Rob Bingham, an associate member of the British School of Archaeology, wrote this for The New York Times.



Clockwise from left: Courtyard in the Toplu Monastery, a taverna in Mochlos and a terra-cotta sarcophagus.

Beat London Hotel Prices: The B&B Alternative

by Roger Collis

IF you resent paying up to £200 (about \$340) a night for a hotel in central London, consider "bed and breakfast" at a quarter of the price in a private home, guest house or small hotel. Not just any B&B mind you, but quality accommodation as comfortable as a grand hotel and a personal welcome from your hosts.

"Many people who are able to afford a top hotel prefer both the service and ambience of B&B where you're treated as a guest in a private home," says Bob Barton at the British Tourist Authority in London. "The traditional view of B&B is simple accommodation at a rock-bottom price. And it can be just that. But you can stay in great luxury too in stately homes."

The BTA has done much to put B&B on the itineraries of both well-heeled and budget visitors through its B&B Touring Maps — which feature only BTA inspected establishments — and its London Bed and Breakfast Awards for hotels with four to 40 rooms. "We look for quality of service and value for money," Barton says.

The top prize for 1990, the Spence

cer Trophy, went to John and Barbara Falgan, who run 5 Summer Place, an elegant townhouse near Hyde Park. "We have a mix of American tourists and European business people," says Barbara Falgan. "We give very personal service, such as advising them where to go, what to buy. We do advertise, but most people come by recommendation."

Wolsey Lodges — a consortium of 190 upmarket B&Bs with names like The Old Vicarage, Caldees Manor, Crayke Castle and Cerne Abbey — gives you bed and breakfast from £20 to £40 per night. Only four of the Wolsey Lodges are near central London, but they are well worth seeking out.

Another consortium, Bed & Breakfast (GB), offers budget accommodation at 450 houses, farms and hotels — including 39 in London — and centralized reservation service through a 24-hour "B&B Hotline" or "B&B Faxline."

Inter-Hotels, a London-based consortium, represents 80 small, independently run B&Bs throughout Britain.

Here are some suggestions for the London area to start you off:

• 5 Summer Place Hotel, London SW7. A charming Victorian terrace house on the border of Kensington and Knightsbridge. It has 13 rooms, all with private baths and direct-dial phones. Furnished with antiques. Singles £60, doubles £85 with English buffet breakfast. John and Barbara Falgan. Phone: (071) 584 7586.

• Lincoln House Hotel, 33 Gloucester Place, London W1. Comfortable Georgian townhouse, two minutes walk from Baker Street Station. It has 20 rooms, nearly all with private bath, color TV, direct dial phones. Singles £49 with English breakfast. Joseph Sheriff. Phone: (071) 935 7089.

• Royal Cambridge Hotel, 124-126 Sussex Gardens, London W2 1UB. A Victorian terrace house 10 minutes walk from Marble Arch. It has 30 comfortable well-appointed rooms, all with private baths and direct-dial phones. Singles £70 with full breakfast. David Solomons and Iain Russell Jarvie. Phone: (071) 873 0830.

• Delmere Hotel, 130 Sussex Gardens, W2 1UB. A comfortable hotel with 40 rooms, most with private facilities, color TV, direct-dial phones. Offers services for business travelers. Singles £68, doubles £83 with continental breakfast. John and Elly Todd. Phone: (071) 706 3344.

• Swiss House Hotel, 171 Old Brompton Road, London SW5. A charming, period house with 16

rooms, most with private baths, color TV and direct-dial phones. Near Gloucester Road tube. Singles £40 with continental breakfast. Peter and Petra Vincenti. Phone: (071) 373 2769.

• Pages Yard House, Church St. Chiswick, London W4 2PA. A quiet haven, 3 miles from Knightsbridge, with a leafy garden and pool. Singles £40 with breakfast. Peter and Gillian David. Phone: (071) 995 5985.

• 52 Mount Park Road, Ealing, London W5 2RU. A double-fronted Victorian villa. 10 minutes walk from the train station and underground and convenient by road for Heathrow. Judith and Paddy O'Hagan. Singles £35. Phone: (081) 997 2343.

• The Brenwick Guest House, 10 Russell Road, Twickenham, half-way from Heathrow to center of London, a short walk from the train station. Five attractively furnished rooms all with private baths and color TV. Singles from £25, with a massive English breakfast. Mrs. Martin. Phone: (081) 892 9684.

• Mrs. Hassel, 41 Church Road, Richmond TW9 1QJ. Has one single room (£18) and two doubles (£30). Only one has a bathroom, but the house is filled with antiques and Laura Ashley furnishings and

guests are welcome to use the book-lined family room with color TV. Substantial English breakfast. Less than five-minute stroll from District Line Underground. Phone: (081) 940 6133.

British Tourist Authority, Thames Tower, Black's Road, London W6 9EL. Phone: (081) 846 9000.

Bed & Breakfast (GB), PO Box 66, Henley-on-Thames, Oxon RG9 1XS. Phone (0491) 578 803; fax (0491) 410 806.

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INTERNATIONAL ARTS AGENDA

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Salle Saint-Georges, Musée d'Art Wallon (tel. 22.06.00). To June 23: Collection of sculptures and drawings by Alberto Giacometti.

BRITAIN

London
Tate Gallery (tel. 821.1313). To June 23: British and American Pop prints, including works by Dine, Warhol, Hockney and Oldenburg.

FRANCE

Nice
Musée d'Art Moderne et d'Art Contemporain (tel. 93.62.61 62). To June 23: Works by Robert Rauschenberg including photocollage-assemblages.

PARIS

Conciergerie (tel. 43.54.30.05). To June 16: "5th International Fair of Ancient Books." Artistic books, col-

lector's editions, stamps, and autographed and handwritten texts. Espace Montmartre (tel. 42.54.40.10). Opening of a new exhibition space with the show "Dall's Universe." Includes sculptures and illustrations for books by Salvador Dalí.

Parc de la Villette (tel. 42.40.76.10). To June 21: "Dream Drum." Photographs of South African music and dance in the 1950s.

Sceaux
Orangerie du Château de Sceaux (tel. 48.61.06.71). To June 26: The department of Haute-de-Seine at the turn of the century is explored through 130 photographs by Eugene Atget.

Strasbourg
L'Aubette (tel. 88.35.24.21). To June 30: "Czechoslovakian Photography from 1940-1990." 550 works by 57 photographers.

GERMANY

Cologne
Schnütgen Museum (tel. 221.4198). To June 16: Exhibition of

50 illuminated manuscripts from the time of Empress Theophanu marking the 1,000th anniversary of her death. Essen
Museum Folkwang (tel. 88.84.52). To June 30: "Garry Winogrand: Photos from the Real World." Retrospective of the American photographer's work from the 50's to the 80's.

Hildesheim
Roemer und Pelizaeus Museum (tel. 1.59.79). To June 16: "Egypt: The Search for Immortality." 130 artifacts illustrate the Egyptian cult of the dead and concepts of eternity.

Weimar
Autonomen Kultur Centrum. To June 22: "Bauhaus Photography." 60 experimental photographs of the 1920's art school.

ITALY

Naples
San Domenico Maggiore. To June 23: 13th and 14th century choirbook

manuscripts. Collection of pages, including many unpublished masterpieces showing how the art of book illumination flourished alongside the emergence of the printing press.

NETHERLANDS

Amsterdam
Rijksmuseum (tel. 673.21.21). To June 30: "A Century Apart," a survey from the museum's collection of 19th century paintings. 350 works by leading figures of the Hague School as well as Courbet and Corot. Also, scroll paintings and album leaves on paper and silk by Chinese painters from the 16th to the early 20th century.

SWITZERLAND

Lugano
Villa Favaria (tel. 52.17.41). To June 30: Paintings, sculptures and illuminated manuscripts of the 14th and 15th century focusing on Gothic and early Renaissance art from Florence, Siena, Bologna and Rimini.



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- 12 White banner
- 14 Regarding this point
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- 17 Word-of-mouth bet maker
- 18 Emulate W. J. Bryen
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DOWN

- 1 Watered silks
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- 3 Censur figs.
- 4 "The _____ knows _____" Kipling
- 5 Macadamia or kola
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- 7 Huxley's "_____ Barren Leaves"
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- 12 Where Old Glory flies
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- 14 Military commands
- 15 Black Forest hedgehog
- 16 Witch _____
- 17 Stokowski's stick
- 18 Clam diggers, jeans, etc.
- 19 Seraglio
- 20 Think
- 21 "_____ was still there": F. S. Key
- 22 Agnus Dei
- 23 Lip: Comb. form

SOLUTION TO PREVIOUS PUZZLE

ACROSS
1 BRICKLAYERS
7 UNDER THE GREAT WALL
12 WHITE BANNER
14 REGARDING THIS POINT
16 ARCHITECTURAL COLUMN
17 WORD-OF-MOUTH BET MAKER
18 EMULATE W. J. BRYEN
19 CACOPHONY
21 GUIDED
22 LUNAR MODULES
23 PRIVET'S USE
24 COTTON UNIT
25 ENDING FOR "PEKIN"
26 GAY CITY
27 DILUTE
28 AMBIGUOUS
29 LINGERS AIMLESSLY
31 MACBETH WAS ONE
32 STEER STEERS
33 CHUCKLE GLEEFULLY
35 COUNTENANCE
37 HAULS TO THE BAR

DOWN
1 WATERED SILKS
2 BURNING
3 CENSUR FIGS.
4 "THE _____ KNOWS _____" KIPLING
5 MACADAMIA OR KOLA
6 MARIA BJÖRNSON FORTE
7 HUXLEY'S "_____ BARREN LEAVES"
8 "AS YOU _____" OLD ENGLISH MONEY
10 WHIPPED
11 PITTSBURGH 11
12 WHERE OLD GLORY FLIES
13 WEAR AWAY BREEZE
14 MILITARY COMMANDS
15 BLACK FOREST HEDGEHOG
16 WITCH _____
17 STOKOWSKI'S STICK
18 CLAM DIGGERS, JEANS, ETC.
19 SERAGLIO
20 THINK
21 "_____ WAS STILL THERE": F. S. KEY
22 AGNUS DEI
23 LIP: COMB. FORM



PAS DE DEUX — Champion sumo wrestlers, Hawaii's Koushike and Japan's Hokutsumi, dancing "Swan Lake" on Thursday during the sumo festival in Tokyo. These two hefty ballerinas won the award for the best performance.

ASIAN TOPICS

Singapore Studies Easing of Censorship

Singapore has set up a panel to review its harsh censorship policies. Eventual easing of censorship was announced earlier this year by Prime Minister Goh Chok Tong, who succeeded Lee Kuan Yew in November.

George Yeo, minister for information and the arts, said the group will recommend changes "bearing in mind our national objectives to make Singapore a hub city of the world and to build a society that is economically dynamic, socially cohesive and culturally vibrant." Tommy Koh, former ambassador to the United States, was named

chairman of the new 18-member panel. During Mr. Lee's 31-year reign, Singapore rigorously censored radio, television, films, plays and literature on moral, political, communal or religious grounds. Prime Minister Goh said shortly before taking office that "we have to allow people to behave more as adults."

Bangladesh will issue medals to all 7,000 members of the U.S. military task force that came to the aid of the country's cyclone victims. Brigadier M.S.A. Bhuiyan, chief relief coordinator, said the medals were in recognition of the task force's "outstanding services" in the aftermath of the April 29 cyclone, which by latest count killed more than 139,000 people. Comprising 3,000 sailors and 4,000 Marines and commanded by Major General Henry Stackpole, the task force arrived May 14.

Arthur Higbee

PAX: American Isolationism and Budget Deficit Hobble Bush's Aggressive Foreign Policy

(Continued from page 1)

ment, but they are very proud of the fact that we are a superpower," said Representative Lee H. Hamilton of Indiana, the second-ranking Democrat on the House Foreign Affairs Committee.

"Burden sharing" by U.S. allies, a demand by Congress during the war, is a key ingredient for domestic support, members of Congress say. The reason is simple: The federal government last year spent \$150 billion just to service its debt.

In his most recent enunciation of his foreign policy vision, Mr. Bush told Yale University graduates last month that the demise of communism vindicated an American postwar policy that sought "to advance the cause of freedom."

"An America confident enough to engage the world remains our best hope for peace, security and shared prosperity," Mr. Bush declared. "You do not reform the world by ignoring it."

"We can advance our cherished ideals," he added, "only by extending our hand, showing our best side, sticking patiently to our values, even if we risk rejection."

Mr. Hamilton sees Mr. Bush's foreign policy rhetoric as the most expansive view of American power since President John F. Kennedy declared in 1961 that the United States would "pay any price, bear any burden, meet any hardship" to defend liberty.

But the congressman cautioned in an interview: "No one really thinks that if Vietnam invaded Cambodia or Gadhafi moved into

the Sudan that we are going to send in 500,000 troops. I don't know where the president draws the line." He was referring to Colonel Moammar Gadhafi of Libya.

"We have incredible influence and prestige," Mr. Hamilton said, "but I think we also have to recognize that we can't impose our will on the world. We are pre-eminent but not predominant."

So far, the military victory in the Gulf has not shaken U.S. public opinion out of its long isolationism.

A Washington Post poll found in March that three-quarters of those questioned expected the United States to be more willing to resolve international disputes with military force. But that prospect worries Americans.

Six in 10 do not want the United States to take a more active role in world affairs. The poll found that fewer than one-third would support using troops to defend South Korea if it was attacked by North Korea or to defend Taiwan against a Chinese invasion. About one-quarter said they would support sending in troops if Moscow used military force to suppress the Baltic republics.

The public seems to agree that multilateral action — through the United Nations, for example — is the best policy.

There is no guarantee that looming trade disputes or wounded pride in some European capitals will not restrict Mr. Bush's global reach. But the president's supporters foresee a bright future for American-led multilateralism.

"The new world order," said Representative Jim Leach of Iowa, "isn't defined as a sole U.S. responsibility."

"What Bush has really done," said Mr. Leach, a Republican on

'With resources drying up here at home, there is somewhat of a neo-isolationism, even among the liberal members. Most people feel that the more deeply involved you get overseas, the more it's going to cost you.'

An aide in the House of Representatives

the Foreign Affairs Committee, "is to eschew the traditional conservative view toward foreign policy — isolationism or going it alone — and move much more toward the view of Woodrow Wilson and Franklin D. Roosevelt, which is one of collective security."

Mr. Leach, in an interview, called it "a kind of NATO writ

large — it has resonance in many parts of the world."

He favors a permanent, global UN peacekeeping force, for example, and says that the UN role can be strengthened with "continued cooperation from the Soviets, non-obstructionism from the Chinese and strong support from the French."

Mr. Leach cautioned, however, that the White House "should be very careful about going it alone."

Peter W. Galbraith, senior adviser to the Senate Foreign Relations Committee, expects support in Congress for a greater role by the United Nations, in part because "it is relatively inexpensive."

Other analysts fear that America's effort to regain its standing as an economic powerhouse could be damaged if Mr. Bush insists on channeling more tax dollars to expensive new weapons and to foreign governments.

The major issue in the long run, Mr. Galbraith said, "is the democratization of Eastern Europe and the Soviet Union, and that is going to require money."

Later this month, the House will vote on foreign aid spending, considered a key test of congressional support for an expansive foreign policy. The Foreign Affairs Committee has already cut \$100 million from Mr. Bush's \$12.5 billion request, and some lawmakers want further reductions.

"With resources drying up here at home, there is somewhat of a neo-isolationism, even among the

liberal members," a House aide said. "Most people feel that the more deeply involved you get overseas, the more it's going to cost you."

Congress continues to vigorously demand that the nation's allies share the financial burdens of a global military shield, even though some members worry about the image of the United States "walking around with a tin cup," as one congressional aide put it.

Saudi Arabia has become a prime target, along with Germany and Japan.

A self-mocking joke among some Congressional aides goes: "The Germans, Japanese and Saudis ought to meet our responsibilities abroad."

Democrats have seized on the demise of communism as the best reason to slow the usual rush toward the next generation of weapons systems.

When a House committee rejected further spending on the B-2 Stealth bomber and the Brilliant Pebbles space-based missile defense program last month, Mr. Bush demanded that Congress cut military "pork," those pet projects that bring federal dollars into a member's district. Instead, he pushed for programs to build "a more agile, flexible military force that we can put where it is needed and when it is needed."

B-2 and Brilliant Pebbles were conceived as elements of the nation's nuclear deterrent, but in the absence of a credible Soviet threat, Mr. Bush now argues for their utility as conventional programs. A space-based defense is needed, he contends, to safeguard against accidental long-range missile launches or attacks by "international renegades."

Soon after the end of the war, some senators worried publicly that the United States would be vulnerable if it carried out a planned 25 percent cut in military personnel by the middle of the decade. "Force reduction" is still on track, in part because its abandonment would destroy an accord last year between the White House and Congress on reducing the federal budget deficit.

Complicating the U.S. military picture is a recent acknowledgment by General Colin L. Powell, chairman of the Joint Chiefs of Staff, that the Pentagon no longer has the luxury of planning for a specific Soviet threat. With global responsibilities, he said, "we don't know" when U.S. forces are likely to go into combat.

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City Official In Berlin Is Killed By a Bomb

New York Times Service

BERLIN — A Berlin planning official has been killed by a letter bomb in what may have been a politically motivated attack, the police said Thursday.

No one took responsibility for the killing, in which the official, Hanno Klein, was found dead in his apartment Wednesday. But it was the second bomb attack in 24 hours, and it came a week before the legislature in Bonn will vote on whether to return the seat of Germany's government to Berlin.

Also on Wednesday, the Revolutionary Cells, a radical leftist splinter group, placed a firebomb in the Reichstag, the old seat of parliament, that failed to ignite. A message claiming responsibility said the bomb had been intended as a warning not to move the government to Berlin.

The attacks are expected to fuel the arguments of opponents of Berlin, who have argued that the city's prominent counterculture, with large numbers of squatters and leftist organizations, makes it an unsafe place for the government.

The police were examining the remains of a padded envelope, found in Mr. Klein's apartment, that was evidently mailed Tuesday night in Berlin.

As a senior civil servant in the housing section of the Berlin government, Mr. Klein worked closely with the Treuhandanstalt, the privatizing agency in Eastern Germany whose director, Detlev K. Rohwedder, was killed in April by a sniper from the leftist Red Army Faction. The agency has been accused of being callous toward the lot of workers in the East.

City officials said that Mr. Klein's responsibilities included, among other things, activities related to the sale earlier this year of a large piece of property on Potsdamer Platz, the bustling crossroads of the city in its imperial heyday, to Daimler-Benz Corp. for the construction of a new headquarters for its business service branches in Berlin.

The decision fueled a hot dispute between environmentalists, including leftist squatters, and city authorities who wanted to restore the area to its former commercial prominence.

The Revolutionary Cells are leftist groups loosely allied with the Red Army Faction, which they follow in proclaiming a violently anti-capitalist ideology.

— JOHN TAGLIABUE

CHAOS: Vice in Dresden

(Continued from page 1)

man editions of Hustler and Playboy, and prostitution is spreading, centering in trailer camps in some cities, like nearby Leipzig, where the housing shortage is acute.

Typically, the organizers are West Germans. The police in Dresden identified the prime suspects in the killing of Mr. Sonntag as Ronny Matz and Nikolas Simeonidis, both connected with the red-light district in Mannheim, in Western Germany, who worked at the Sex Shopping Center.

The police said the two were arrested in Bangkok on Monday and were expected to be returned to Germany this week.

Seeing an opportunity to gain sympathy, the organizers of neo-Nazi gangs in the East's cities have set their sights increasingly on homosexual bars, sex shops and clubs. Many of the organizers, like Mr. Sonntag, are from Western Germany.

Reports of attacks on homosexual meeting points are increasing, and in April youths shouting Nazi slogans broke up a homosexual

street festival in East Berlin. Last month, a bar on East Berlin's central Alexanderplatz was attacked.

Wolfgang Forster, who founded the Klax club last December, said he did not share the politics of the neo-Nazis. But after the firebombing, he met their leaders, who apologized and agreed to pay damages.

"In principle, we agree on several things," he said, "like the need to keep people from the Western underworld out of Dresden."

Demand for tighter surveillance is growing, fed by fears of crime.

Finnish Women Apply to UN

Reuters

HELSINKI — More than 3,500 Finnish women have applied to join United Nations peacekeeping forces since Defense Minister Elisabeth Rehn opened the job to both sexes last year, the Defense Ministry said on Thursday. They will not serve as military observers as they do not have military training; Finland's national service is for men only.

EAST: For Refugees, Hostility

(Continued from page 1)

part of a program to scatter immigrants equally throughout the country fled from a former army barracks in Gerstungen.

According to refugees, government officials and photos, the foreigners were set upon by Germans who smashed windows, knifed one in the eye and beat several others. Photographs show ransacked rooms and blood-splattered floors.

Three days after the attack, 22 refugees paid a villager the equivalent of \$300 for a van ride back to the West.

Of about 4,000 refugees sent East from the Schwalbach camp this year, 350 have returned, saying they feared for their lives, said Volker Moser, director of the camp. In addition, he said, many leave refugee centers in the East and go underground, becoming illegal aliens.

Like other officials, Mr. Moser conceded that life in the East could be difficult for foreigners, but he said that the government had no obligation to make conditions easier for refugees than for Germans

struggling in the newly reunited East.

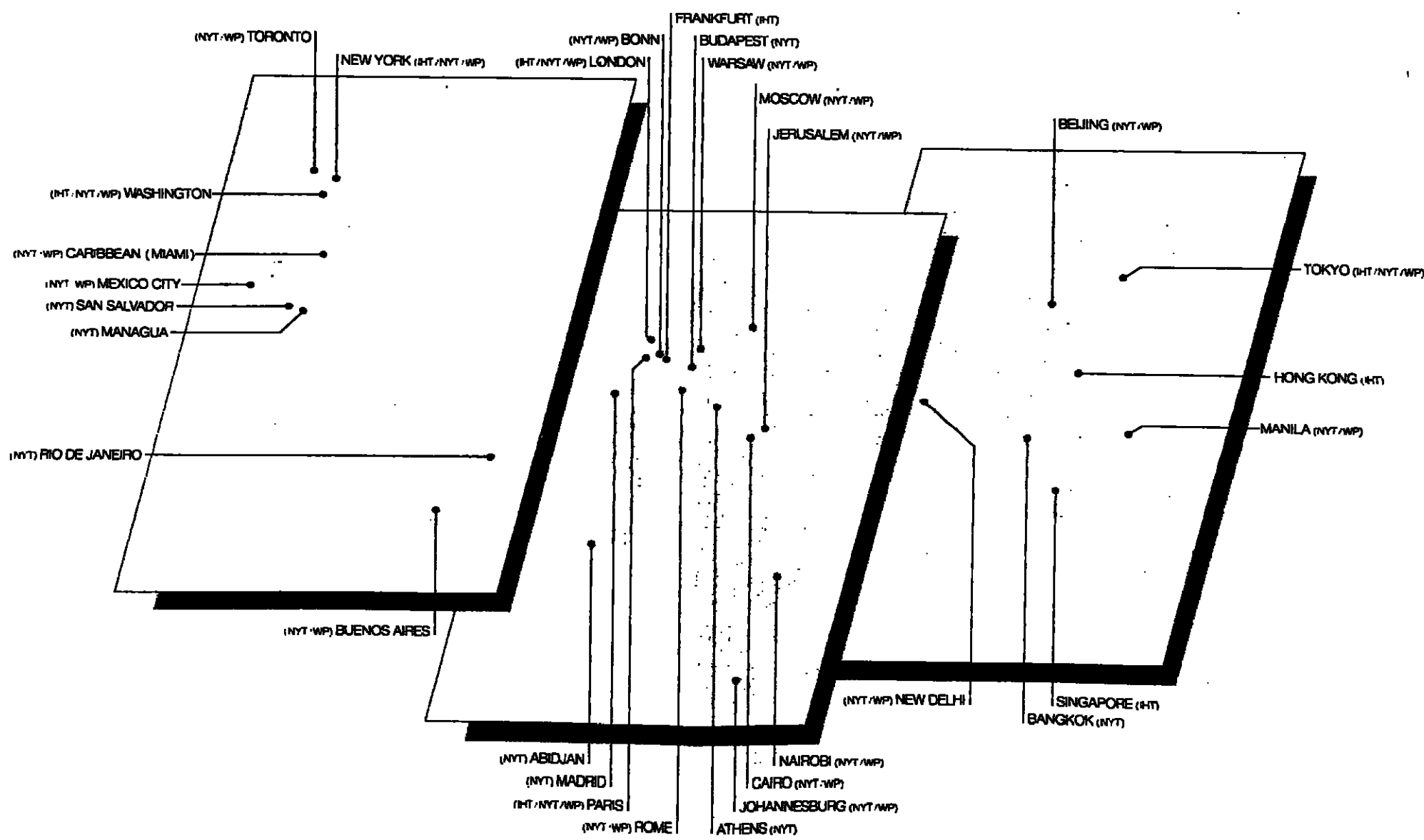
Under rules tightened this spring, refugees must prove they were attacked or directly threatened before they can get permission to return to the West. Still, refugees continue to pour back, with or without documentation of discrimination.

West Germans say that everywhere they look, they see people who want a piece of their postwar success. Somalis flee civil war, Turks seek a better life, Soviet Jews settle in Berlin by the thousands, reviving the city's Jewish community. Bonn talks of tight quotas and of deporting illegal entrants.

Now East Germans, already struggling to adjust to reunification and its accompanying unemployment, high prices and social uncertainties, find that foreigners hope to compete for scarce jobs.

The legacy of Nazi genocide led to one of the world's most liberal asylum laws, guaranteeing asylum to victims of political or religious oppression.

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WALL STREET WATCH

Corporate Views Change On Extramarital Affairs

By Claudia H. Deutsch
New York Times Service

NEW YORK — More than 10 years ago, speculation was rampant that William Agee, the Bendix Corp.'s chairman and chief executive, was having an affair with Mary Cunningham, a 29-year-old vice president who had received two promotions in a matter of months. Ms. Cunningham left Mr. Agee's company.

Fast-forward a decade. Earlier this month, word got out that Stanley H. Hoch, head of the General Public Utilities Corp., a power company, was having an affair with Susan Schepman, the vice president of communications. Mr. Hoch resigned; Ms. Schepman is still there.

Why were the outcomes so different? In good part, say some scholars and other business-watchers, because they took place in different eras. Mr. Agee worked when women executives were few, male executives usually winked at one another's affairs and, in case of trouble, the woman left the company. Today, women executives are often just down the hall. Disentangling business and romance can be far more difficult. And business people have become more prominent, judged by their conduct as well as their corporate performance.

Boards today have little tolerance for a boss whose poor judgment in his private life might hurt the company's reputation. During the last decade, the handling of such questions has grown far more complex. In the Bendix episode, "Friends thought that Bill ought to get rid of the evidence," Ms. Cunningham wrote later in a book. "I was expendable. I was just 'the girl.'" She and Mr. Agee later married.

But since then, feminism and laws on wrongful dismissal can make a corporation leery of firing a woman in such a case but letting a man in a more senior position stay.

THE HIRED HEADS of major companies are expected to honor conventional mores as well as produce profits, lest the public worry that personal lapses presage business lapses. That is particularly true for regulated companies that must face government panels for every rate increase.

All of what transpired at GPU may never be known. Calls to Ms. Schepman, Mr. Hoch, and most board members are returned by a GPU spokesman, John Fidler, who would not so much as say whether Ms. Schepman is married (as is Mr. Hoch).

What is known is that in 1989 Mr. Hoch left General Dynamics Corp. in St. Louis and joined GPU, the large Parsippany, New Jersey, utility that owns the Three Mile Island nuclear plant.

Mr. Hoch had two mandates: trim management and lower costs, and fight to repeal the Public Utilities Holding Company Act of 1935, which hinders utilities' operations across state lines.

Last year, GPU paid about \$600,000 to St. Louis-based Fleishman-Hillard largely to aid company's lobbying effort. Earlier this year, Mr. Hoch hired Ms. Schepman away from the agency.

Everything was fine until April, when an anonymous letter sent to GPU's board and to a local regulatory commission exposed the intimate relationship between Mr. Hoch and Ms. Schepman, suggesting that it predated their arrival at GPU.

The letter alleged that Ms. Schepman had influenced Mr. Hoch to hire her agency without competitive bidding. Ms. Schepman had, in fact, been one of Fleishman-Hillard's executives responsible for the General Dynamics account when Mr. Hoch was there.

Mr. Hoch apparently failed to understand how many rumors were circulating within GPU about him and Ms. Schepman and how much resentment the relationship was causing. One executive said Ms. Schepman often invoked Mr. Hoch's name to push her own points of view.

A decade ago, the board might have had the option of reprimanding Mr. Hoch and asking Ms. Schepman to leave. But today, the person blamed is likely to be the one in charge, regardless of that person's sex.

When there were fewer women executives, men usually winked at each other's affairs.

Next Aloft: A Soviet-U.S. Executive Jet

By Barry James
International Herald Tribune

PARIS — From Russia, the ultimate capitalist tool.

But who needs a business jet that flies twice the speed of sound? The Soviets say they can have such a plane in the air within four years.

And Allen E. Paulson, chairman of Gulfstream Aerospace Corp. of the United States — who claims that "I know all the people with enough money to buy it" — says the movers and shakers of the capitalist world will be happy to fork over up to \$50 million for the plane despite its Made-in-the-U.S.S.R. label.

Mr. Paulson and Mikhail P. Simonov, general designer of the Sukhoi Design Bureau in Moscow, jointly unveiled a 12-foot (3.6-meter) model of the plane in the Soviet pavilion at the opening of the Paris air show Thursday.

It was at the air show two years ago that the project began as a gleam in Mr. Paulson's eye. He admired the short takeoff length and blistering climb performance of the Sukhoi-27 fighter designed by Mr. Simonov. After a brief meeting, the two agreed to the joint project to build the business jet.

"It's a time machine," Mr. Paulson said,

for people who "don't like sitting on airplanes for 10 hours."

Mr. Simonov said wind tunnel tests had been completed on the aircraft, which is designed to carry up to 12 passengers about 7,000 kilometers (over 4,300 miles) at a height of 18,000 meters. Although the initial concept called for a three-engine plane, tests showed

for — and it's all coming from the other side."

He said the Soviets could buy a Gulfstream IV, the company's latest model, and get hold of the U.S. technology anyway.

He added that he was looking at the supersonic concept because the Gulfstream IV had taken current technology to its outer limits and that higher speed was the next logical step.

Jean Pierson, chief executive of Airbus Industrie of France, said he saw no market for a supersonic passenger jet so long as present environmental and noise restraints remained in force. A plane that could fly supersonically only over the Atlantic or the Pacific, he said, would not be able to make a profit.

Mr. Simonov said that the smaller size of the business jet meant that the sonic boom it will create at supersonic speeds would be no more perceptible on the ground than the rumbling of distant thunder. The engines are being designed to run without afterburners as a means of minimizing environmental damage. He said it should be possible to work out overland routes for the plane, provided that

environmental problems can be solved.

Rolls-Royce is cooperating with the Soviet

See AIR SHOW, Page 12

The Paris Air Show

that two engines housed in square nacelles under the wings would be more efficient.

While Sukhoi is developing the aluminum and titanium air frame, Gulfstream will provide the avionics, systems and interior fittings as well as the commitment to sell and support the product in the West.

Asked if this would mean breaching North Atlantic Treaty Organization rules on technology transfer, Mr. Paulson said, "Vice President Quayle asked me that, and I told them there is quite a lot of technology trans-

Czechs Hope to Reap \$1 Billion in Sell-Off

By Steven Prokesh
New York Times Service

LONDON — The Czech Republic, where the vast majority of Czechoslovakia's industry is located, announced plans Thursday to sell foreign investors all or part of more than 50 state-owned enterprises. The plans constitute the most comprehensive effort to sell the country's large state-controlled concerns.

The 50 enterprises have estimated market values ranging from \$50 million to \$500 million, total sales of billions of dollars and a combined work force of 50,000. The hope is that these deals will generate more than \$1 billion in foreign investment in Czech industry.

Foreign investors have already struck some sizable deals in Czechoslovakia — most notably Volkswagen's \$821 million deal to buy eventually 70 percent of Skoda, the carmaker, and the \$48 million purchase of an initial 40 percent stake in the flat-glass business of Sklo Union by Glaverbel SA, a Belgian company that is controlled by Asahi Glass of Japan.

But the program unveiled Thursday is much more sweeping than anything the country has previously undertaken. It comes at a time when Poland is starting a similar program and when programs begun in Hungary and Eastern Germany in early to mid-1990 are well under way.

The Czech companies being offered include those in the construction, capital goods, paper and printing, building materials, textiles, electronics, metal processing and chemicals industries. Jan Vrba, the Czech Republic's minister of industry, said at a news conference at the

London office of Bankers Trust International Ltd. The investment bank has been advising the republic on turning its state-owned companies into investor-owned concerns.

The identity of companies being sold will be released in coming weeks. How much of their shares foreigners can buy will vary.

Procter & Gamble Co. has agreed to buy Rakona Rakovnik, the company that holds

The sale of 50 state enterprises is Czechoslovakia's most comprehensive privatization effort.

two-thirds of Czechoslovakia's soap and detergent market, United Press International reported from Prague.

[Tomas Jezek, the Czech government minister for privatization, told journalists he expected to seal the deal at a meeting Friday of the government's economic committee.]

David C. Roche, an economist at Morgan Stanley & Co. who is an expert on Eastern Europe, said Czechoslovakian officials told him that they hoped to sell 1,000 big state-owned companies in the next year or so.

Open Late: NYSE Clangs New Bells

Compiled by Our Staff From Dispatches

NEW YORK — The first day of extended trading began on the New York Stock Exchange on Thursday, as the market sought to lure back investors who were taking their after-hours trading elsewhere.

It was the first time that the 4 P.M. closing bell had constituted only a brief respite instead of the end of the day. Under new rules, the exchange began allowing trading to continue after hours through two new sessions.

Earlier Thursday, the NYSE chairman, William Donaldson, said the exchange still lacked enough demand to justify 24-hour trading.

"We're experimenting," he said. "When the demand is there, we'll be open 24 hours, but that is a number of years away."

Still, he added, "We want to probe and see if the people who are currently trading after hours elsewhere can be induced into coming back into our market."

(Reuters, UPI)

Kurt Eichenwald of The New York Times reported earlier: Before the new hours went into effect, there was a feeling of uncertainty and ambivalence among some traders and brokers who were trying to decide what effect it would have on their business.

"I don't think people are going to jump into the system," said Jeffrey Tabak, a partner with Miller Tabak Hirsch & Co. "There is going to be some standing back. But we know that there are fundamental things going on here that could be very important to the overall marketplace."

Orders to buy or sell individual stocks can be placed from 4:15 P.M. to 5 P.M. Baskets of 15 or more stocks worth at least \$1 million can be traded in a concurrent session running from 4 P.M. to 5:15 P.M. All trades will be made at the 4 P.M. closing price.

Individual investors can participate in the first session, while the second is intended for large institutional traders engaged in program trading.

In the new sessions, orders to buy or sell shares will be matched up and executed by computer on a first-come, first-serve basis.

But, unlike the normal trading session, investors will not immediately learn if the trades were made. For example, trades executed in the first session will not be disclosed until the 5 P.M. close.

The move by the New York Stock Exchange was made to recapture business it was losing overseas, particularly program trading business done at the London International Stock Exchange after the close in New York.

While many traders on Wall Street planned to participate in the new sessions, most were expressing uncertainty.

"It is sort of like a ter pi," a senior institutional trader said. "The more we look at it, the more questions we have."

Retail brokers also said they still did not understand the benefits their customers would receive from the extended trading.

"Most of the retail firms are fairly puzzled by the plan," said John Bachman, managing partner of Edward D. Jones & Co. "We don't understand quite why they are doing it and we don't understand what the benefit is."

Traders with large firms also said they were not sure what the new system had to add that they could not already get from Instinet, a proprietary trading system that continues to operate after the Big Board closes.

Still, traders with large firms and others said they would participate if only to see how the sessions fared.

"We are basically looking if it is going to be another source of liquidity for us," said Robert H. Morrison, the manager of security transaction with Fidelity Investments in Boston. "We like to try our thumb in the new systems, so we will certainly do the same here. But I just don't know what to expect."

NEW YORK — Finance ministers and central bank presidents of the Group of Seven leading industrial nations are likely to meet June 22 and June 23 to discuss the current surge of the dollar and aid to the Soviet Union, a source close to money markets said Thursday.

At least some G-7 finance ministers and central bank presidents are to meet June 22 and 23 to discuss two main issues: aid the seven nations could extend to President Mikhail S. Gorbachev of the Soviet Union at the July summit, and the current surge of the dollar, the source said. "The main issue likely to be discussed," he said, "is the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States are scheduled to hold their annual summit beginning July 15 in London."

Inflation Fears Rise Following Wholesale Data

By Lawrence Malkin
International Herald Tribune

NEW YORK — Signs of stronger inflation and a slightly improving economy Thursday rattled the bond markets and launched economists into a debate on whether prices would bounce back up as the recession fades.

The Labor Department reported that wholesale prices rose 0.6 percent in May, their steepest gain since last October. Without volatile food and energy prices, the gain was still a surprisingly high 0.4 percent, twice that in April.

The 0.4 percent core rate was boosted mainly by higher tobacco prices, and the overall rate by a 2.4 percent rise in energy costs that followed five months of retreating oil prices during the Gulf war and its aftermath.

The May increase would translate into an annual inflation rate of 7.2 percent at the wholesale level.

Many economists said the price upticks would not last, but on the other side of the day's statistical ledger, the strength of recovery indicators was also questionable.

Retail sales for May rose 1 percent following a decline of 0.4 percent in April. The statistic is not especially reliable and was revised downward by the Commerce Department in March and April. Last month the rise was broad-based but was affected by warm weather that could have boosted sales of clothing and other summer goods by bringing them forward.

The Labor Department reported that applications for unemployment benefits during the week of May 25 totaled 401,000, a sizeable drop from the previous week and about one-third more than forecast. But the improvement probably was exaggerated by the fact that it took place during the week of the Memorial Day holiday, when claims figures are always reduced by the shorter working week at employment offices.

Nevertheless, this combination of inflation fears and recovery hopes was bad news for bonds, which continued their steady decline. Lower prices pushed up the yield on bellwether 30-year Treasury bonds to a high of 8.62 percent during the morning, and then they

steadied at around 8.59 percent, still a sizeable increase from the previous day's close of 8.54 percent.

High-grade corporate bonds followed Treasuries down. The continued slump in the bond market took stocks down, too, but they recovered from the morning shock, leaving blue chips little changed.

The dollar also jumped past the psychological level of 1.80 Deutsche marks, then fell back on fears that central banks would intervene. (Page 12)

This is a stock market that "reflects inflation concerns, and at this juncture, it's hard for equities to compete with a long bond yielding over 8.5 percent," said Alan Ackerman of Reich & Co.

For now, a majority of U.S. economists disagree with bond buyers, who insist on seeking inflation protection in higher interest rates. Allen Leslie of Discount Corp. said "inflation is not running away" and remained on a three-month trend line of 4 percent. Not surprisingly, this sanguine view was most forcefully expressed by Michael Boskin, President George Bush's chief economic adviser, who said the May wholesale price rise reflected "one-time events," a temporary blip and "unusual movements" in tobacco and energy prices.

But Mickey Levy of CRT Government Securities expressed a more skeptical bond market view: "A lot of people looking for lower inflation try to explain things away by a one-month aberration, but there's some story every month. I don't find it productive to try to explain it away any more. Interest rates are up, the market expects a rebound in the economy, and it's disappointed in the Fed," he said.

"They can't just follow a gradualist policy against inflation for three years and then suddenly open up the taps as they have in the past six months," Mr. Levy said.

"To the extent that inflation doesn't come down, it will inhibit the recovery; housing will slow down, employers will be forced to grant higher wages, and the retail trade will fizzle out because stores will stop cutting prices."

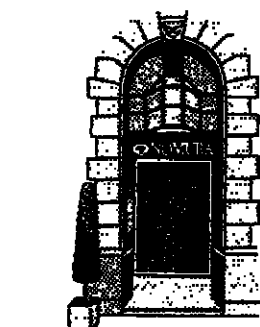
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Nomura perspective as seen in a painting by Piedmontese artist Pier Enrico Guzzi.

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ASIA/PACIFIC

Japan Oil Sector Faces Realignment

TOKYO — The Japanese oil industry looks due for a major restructuring as domestic competition heats up with the entry of Saudi Arabia into the local downstream sector, industry sources said Thursday.

They said the move could lead to one company becoming the market leader in Japan, which the government wants, and to other companies setting up joint ventures with other producer countries to protect themselves against the increased competition.

In late May, Nippon Oil Co., Nippon Mining Co. and Aramco Oil Co. agreed with the state-run Saudi Arabian Oil Co. to build one refinery each in Saudi Arabia and Japan after a feasibility study.

It was the first time that Saudi Arabia has entered a joint venture with Japan in oil refining and marketing.

The Saudi refinery will have a capacity of 300,000 barrels per day, while the capacity of the one in Japan will be 150,000 barrels per day. Details of location, cost and construction have not yet been finalized.

Analysts expect the deal will intensify domestic competition and speculation has grown that it will trigger a wave of mergers within the industry.

The joint venture with the Saudis has given Japanese oil companies a chance to think about restructuring," said Taiso Hayashi, senior economist at the Institute of Energy Economics.

But the Nippon Oil chairman, Yasuaki Takeuchi, said at a news conference Wednesday: "I am not considering the possibility of such a restructuring."

Still, industry sources say the deal strengthened ties between Nippon Oil, No. 1 in market share, and No. 5 Kyodo Oil Co. through their association with Nippon Mining Co., part of the Kyodo Oil group.

Nippon Oil and Kyodo Oil can both benefit tremendously from the Japan-Saudi project because they will get stable supplies from the Saudis at steady prices, analysts said. The current market shares of Nippon Oil and Kyodo Oil add up to about 30 percent.

Other companies fear they could not survive competition against a possible Nippon Oil-Kyodo Oil giant.

Seoul Seeks To Boost Market

SEOUL — South Korean authorities unveiled a package of measures on Thursday designed to boost the sagging stock market.

An official of the Securities Supervisory Board said the measures included a recommendation to open the bourse to foreign participation ahead of the 1992 schedule.

The board official said securities firms would be permitted to raise cash by borrowing from banks an amount up to the limit of their own-account holdings. Other measures include abolishing the 30 percent maximum discount to market prices for rights issues. Maximum holdings limits on certain companies will be raised.

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Crédit Lyonnais to Help Vietnam Create Bourse

HO CHI MINH CITY — A subsidiary of France's state-owned Crédit Lyonnais Bank said Thursday it would launch a \$100 million Vietnam fund and work with Hanoi to develop a stock market.

Le Trong Nhi, a consultant for Crédit Lyonnais Securities (Asia) Ltd. in Hong Kong, said the Vietnam Investment Fund would start in July and would be managed by Jardine Fleming of Hong Kong.

"Our objective is to work slowly with the government to help develop a stock market within five years," he said.

He said that, unlike the first country fund — the Vietnam Fund Ltd. — announced last month by Lloyds Bank fund management in London and Asia Securities of Taiwan for \$30 million, the second fund would invest money exclusively in Vietnamese-owned companies.

Mr. Nhi said Crédit Lyonnais Securities, a brokerage subsidiary of the Paris-based bank, would identify and invest in state companies that had become or expressed the desire to become joint stock companies.

He said the Vietnam Investment Fund would be registered in the Cayman Islands and possibly listed in London, Hong Kong or Singapore.

In another French-Vietnamese tie, a French consortium led by Ceglec, a CGEE Alsthom subsidiary, has won a large contract to supply equipment to a hydroelectric plant that has just begun construction in central Vietnam, diplomatic sources said Thursday.

They said the 200 million franc (\$33.1 million) contract was signed Monday by Vietnam's petroleum importing and exporting company, Petechim, and the consortium.

The contract is the first signed by a Western company with Vietnam's hydroelectric industry, which had previously received most of its equipment from the Soviet Union.

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Russian and Japanese Banks Set Pact

TOKYO — The Russian Federation's Foreign Trade Bank and Nigata Chuo Bank have signed a cooperation agreement that would facilitate Japanese investment in the largest Soviet republic, an official of the Japanese bank said Thursday.

Nigata Investment Corp., formed by the Nigata municipal and prefectural governments and 58 Japanese corporations, also signed the agreement at the Japanese bank's head office in Nigata, north of Tokyo.

Under the pact signed Wednesday, the Russian bank will guarantee investments by Japanese companies and Japan-Soviet joint ventures until a collateral system is established in the Soviet Union, the official said.

The two banks and the investment corporation also will exchange trainees, he said.

The Russian bank will urge relevant authorities to lower taxes and fees on property used by Japanese corporations in the Russian Republic, the official added.

Nigata Chuo Bank and the Russian bank will conclude a separate agreement, possibly in July, to act as agents for each other mainly in commercial bank settlements.

Nigata Chuo is a medium-sized regional bank with a capital of 11.14 billion yen (\$79 million).

Nigata Investment Corp., which is capitalized at 1.5 billion yen, was set up in March to encourage investment in the Soviet Union, mainly in the Soviet Far East.

Auto Parts Fuel U.S.-Japan Dispute

TOKYO — The U.S. ambassador here has called on Japanese automakers to boost imports of U.S.-made car parts, even as it was reported that such purchases rose more than 25 percent last year.

The envoy, Michael Armacost, said that automotive-related trade was the cause of more than three-quarters of the United States' \$41 billion deficit with Japan.

The issue has been the subject of frequent complaints from U.S. officials. Mr. Armacost's comments to an economic symposium in Tokyo appeared to show that a new political-economic issue was brewing.

Two automotive associations in the United States, meanwhile, announced that Japanese automakers bought nearly \$9.1 billion of U.S.-made car parts and materials during 1990, up 27.4 percent from 1989. The Motor and Equipment Manufacturers Association

and Japan Automobile Manufacturers Association reported the findings on Wednesday.

Hiroshi Okuda, senior managing director and member of the board of Toyota Motor Corp. and chairman of the JAMA Parts and Materials Committee, said the \$9.1 billion figure marked an increase of more than 500 percent since 1985.

Taking a different view of the problem, Mr. Armacost said Wednesday, "While Japanese finished car exports have leveled off, the projections of auto parts imports into the United States show a deficit that is growing very dramatically."

He cited a doubling of U.S. exports to Japan in the last five years and a 20 percent cut in the annual trade deficit from its peak of nearly \$60 billion in 1987 as "good news" in the bilateral economic relationship. But he called the automotive issue part of "the bad news."

Lucky to Merge Chemicals Units

SEOUL — The South Korean conglomerate Lucky-Goldstar Group will merge its four petrochemical products affiliates to cut costs and avoid overlap, a company spokesman said Thursday.

Lucky Ltd. will absorb Lucky Advanced Materials Inc., Lucky Pharm Corp. and Lucky Polychemical Co.

The spokesman said the plan was the first response to recent government measures to encourage the country's conglomerates to streamline operations to improve international competitiveness.

To Court Investors, Bangladesh Eases Rules on Foreigners' Profits

DHAKA, Bangladesh — The government announced Thursday that it would allow foreign investors to more easily repatriate profits in a move to boost investment after the devastating cyclone at the end of April.

Under new rules set by the Finance Ministry, foreign investors will be allowed to buy shares through the Dhaka stock exchange and freely repatriate profits or the proceeds of sales. Government approval had been required before foreigners could buy shares or move profits out of the country.

The measures were announced a day after Finance Minister Saifur Rahman unveiled a national budget aimed at achieving 5.7 percent growth, eradicating corruption and easing poverty. Gross domestic product reached 5.8 percent in the fiscal year 1989-1990, reflecting higher agricultural output and good weather, the central bank has said.

Outlining his budget, Mr. Rahman said that foreign investors would be encouraged with facilities to transfer their money abroad.

BASF Sets \$280 Million Asian Plant

SINGAPORE — BASF AG plans to build a 500 million Deutsche mark (\$282 million) acrylic acid plant in Southeast Asia to help increase its sales in the region, a BASF executive said Thursday.

Hans Jürgen Strum, president of BASF South East Asia Regional Headquarters Pte. based in Singapore, told reporters BASF has begun a feasibility study and construction is planned to start in 1993. The plant is likely to be built in Singapore or Malaysia, he said.

Acrylic acid and its derivatives are intermediates for the production of detergents, superabsorbents and dispersants needed to produce paints, lacquers and adhesive coatings.

Mr. Strum said the investment plan was part of BASF's 10-year goal to increase the regional headquarters' sales to 15 percent of the group's global revenue, from 5 percent. The headquarters is responsible for 33 subsidiaries in Australia, New Zealand and Asia excluding Japan. BASF's world revenue was 46.6 billion DM in 1990.

(Reuters, AFP)

Taiwan Firm to Buy Glaxo Factory

TAIPEI — China Synthetic Rubber Corp. of Taiwan said Thursday that it plans to acquire a penicillin factory in northern England owned by the British pharmaceutical group Glaxo PLC.

China Synthetic Rubber, which produces the key tire-making material carbon black, is negotiating with Glaxo and expects the multimillion U.S. dollar deal to be finalized in several weeks, a company spokesman said.

The acquisition would make the Taiwan company, whose main shareholder is China Investment & Trust Co., the first Taiwan company to enter the pharmaceutical industry in Europe.

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NYSE

Thursday's Closing
Tables include the nationwide prices up

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ADVERTISING SECTION

ADVERTISING SECTION

Austria

THE MIDDLE EUROPEAN

A New Balance in a Realigned Europe

As the economic and political shifts in Central and Eastern Europe continue, Austria finds itself strategically placed in the new European balance.

The seven-member European Free Trade Association (EFTA), of which Austria is a member, is currently conducting negotiations with the European Community on creating a European Economic Area of 380 million people, which would take effect Jan. 1, 1993. First mentioned in the Luxembourg Declaration of 1984, this association is considered a means of allowing EFTA nations the chance to establish closer ties with the EC without actual membership.

The aim is to finalize an agreement by June 25. Membership in the European Economic Area is not, however, Austria's final goal, since it would involve consultative but not voting status, keeping certain restric-

Austria's thriving economy is already highly integrated into that of the EC

tions intact. In addition, to compensate for increased competition, the EC has demanded that EFTA finance a special fund to help poorer EC members.

Austria continues its campaign to be admitted to the EC as a full member. The report of the EC Commission recommending Austrian membership is expected within the next few months, paving the way for negotiations to begin.

The common consensus is that Austria will be accepted. It would be the first newcomer to the 12-member organization since Portugal and Spain joined in 1986. Austria officially submitted its application to Brussels in July 1989. The EC Commission was given a mandate by the EC Council of Ministers to file its report on Austria's application, which EC President Jacques Delors has promised for this summer.

According to one optimistic scenario, negotiations could begin in 1992 or 1993. A referendum would be held in 1994, with ratification in the EC and European Parliament by 1995.

"There has been a definite breakthrough. A solid consensus in the EC is in favor of Austrian membership," says Peter Jankowitsch, state secretary for European affairs and integration.

Western leaders who have expressed their support include German Chancellor Helmut Kohl, French Foreign Minister Roland Dumas and Enrique Baron Crespo, president of the European Parliament. Italian Foreign Minister Giulio Andreotti said Austria was the "most natural and logical candidate" for membership.

Mr. Jankowitsch attributes the change to the thaw in East-West relations, which has diminished fears that admitting a neutral Austria would hamper the flexibility of the West or exacerbate relations with the Soviet Union. In a conflict-free Europe, neutrality is no longer considered an obstacle. American Secretary of State James Baker said the organization would profit from Austria's extensive ties to Eastern Europe.

"To some extent, we used to be Eastern Europe's eyes, showing them how the West was. Today, we are the West's door, a base for the European Community in Central Europe," Mr. Jankowitsch says.

The Austrian government has launched an ongoing information campaign to dispel the misgivings of European officials. It has institutionalized political consultations with Brussels and worked hard to coordinate its diplomatic efforts. One notable convert is Belgian Foreign Minister Mark Eyskens, who voiced his fervent opposition to Austria's application, only to change his mind afterward.

Some analysts claim Austria will likely be admitted together with Sweden, which is preparing its own application for entry. With the exception of Greece, the original six-member European Community has never accepted one nation at a time.

Austria's socialist-conservative coalition government, led by Chancellor Franz Vranitzky, has made EC membership a top priority. Mr. Vranitzky has pledged that Austria will actively contribute to the process of European unity.

Austria's thriving economy is already highly integrated into that of the EC, which accounts for two-thirds of Austria's trade. Austria's per capita income is higher than

Projects with Czechoslovakia, Hungary, Italy and Yugoslavia have been discussed

the EC average. Its currency is pegged to the Deutsche mark, and many EC standards and regulations have already been adopted. Austria has increased its efforts to participate in the EC's research and space programs.

A study made by the Austrian Institute of Economic Research concludes that membership would increase employment, exert downward pressure on prices and stimulate economic growth.

Nevertheless, there are potential stumbling blocks, particularly the issue of transit traffic. The European Community has exerted pressure on Austria to increase the annual contingent of trucks permitted to transport freight through the country, leading politicians to charge that the EC is aiming to link membership to a successful resolution of the matter.

It is a sensitive subject in Austria. Thousands of trucks roll through the country every day, the majority in the western province of Tyrol, spewing exhaust, tainting forests and creating noise pollution. Some 5.2 million tons of freight are transported along Austria's roads annually, almost five times the figure for Switzerland, which has a 28-ton limit for vehicles compared with Austria's 38-ton limit.

To absorb some of the expected growth in transit traffic, Austria is investing billions in a drive to expand its capacity to transport freight on the rails. Austria is also trying to encourage its European neighbors to switch to more environmentally friendly vehicles. Thus, Minister of Transportation Rudolf Streicher recently floated the idea of connecting permits granted to exhaust-fume levels.

Neutrality is another touchy issue. In 1955, Austria declared its "permanent neutrality" some months after the State Treaty, which restored the country's sovereignty following 10 years of occupation by American, British, French and Soviet troops. EC officials generally contend

that Austria's neutrality is compatible with membership. Austria might find it difficult to enter the EC, however, should European unity be defined as including a military component, such as the use of force or sanctions.

There are some dissenting opinions. Martin Bange-mann, vice president of the EC Commission, caused a stir when he called Austria's neutrality "obsolete."

Austria cannot now join a military pact or have foreign military bases on its soil. Nevertheless, European leaders were reportedly pleased with Austria's positive response to the American request to transport weapons through the country during the Gulf war. "The Gulf war showed that we could work within a system of collective security," Mr. Janowitsch says.

Many Austrians fear EC membership would lead to a quick sellout of real estate to foreigners, or force the government to back down on the nation's strict environmental protection laws. Farmers and small-business owners are worried about the adverse economic effects of membership. Three out of Austria's top five industries — food, chemicals and electronics — would be particularly vulnerable to EC competition.

The long-standing dream of creating a political and economic entity in the middle of Europe has been revived in some circles. The heads of government of Austria, Czechoslovakia, Hungary, Italy and Yugoslavia met last year to discuss forms of regional cooperation, particularly in the areas of environmental protection, transportation, tourism and culture.

Austria may also become a more important regional factor in the future. Depending on political and economic developments in Eastern Europe, Austria could add up to 2 million people to its current 7.5 million population by 2031, according to a recent study.

Jan Stankovsky, expert at the Austrian Institute of Economic Research in Vienna, warns: "Central Europe is not an equally strong partner to the European Community. There is no alternative."

Despite the emphasis on the EC and its ties to Eastern Europe, Austria will continue to play the role of mediator and peacemaker. "The country's ability to promote dialogue and to make compromises is still very much sought after," says Foreign Minister Alois Mock.



Chancellor's View Scans East and West

Franz Vranitzky, 54, leads the current socialist-conservative coalition government. Named finance minister in 1984, he has served as chancellor since 1986. Here he speaks with Clifford Stevens about Austria's current priorities.

What role will Austria play in the "New Europe"?

Given the changes in Europe, Austria's role will have to take new forms. We are now politically and geographically in the center of Europe. We intend to actively participate in the unification process in the European Community and help Eastern Europe to catch up economically. We will continue to press for regional cooperation on many issues.

Eastern Europe is faced with massive economic problems. There is political unrest in Yugoslavia and the Soviet Union. How can Austria make a positive contribution?

Austria is one of the top joint-venture partners in Eastern Europe. We are transferring our management know-how and getting involved in business projects. We can also make our knowledge of the area available to West-

ern Europe and North America.

Many West European nations fear a huge influx of East European immigrants could take place. How open are Austria's borders?

We believe in controlled immigration. There are limits as to how many immigrants we can absorb. We will do what we can to support these countries, so that their people will find hope and opportunities there.

Austria applied for EC membership in July 1989. Despite many misgivings on the part of the population and experts, Austria continues to pursue this goal. Why?

Our considerations are more than economic. We believe in the area of European unity, as a new design for the Continent. But it is a fact that we also do two-thirds of our trade with the EC. Starting in 1993, there will be a single

market. We have to preserve our chances. The EC will not be a simple import-export association. We also have to utilize the



Franz Vranitzky, Austria's chancellor.

chances membership offers. Environmental and transportation issues and research projects have to be dealt with on a European level. The European Economic Area is not an alternative, just a station along the way.

Will Austria's neutrality be an obstacle to membership?

We will have to wait and see. Austria has shown it can fully participate in the UN resolutions, in a system of collective security. But the EC must first define exactly what political union and security require of its members.

What are your other foreign and domestic priorities?

We must increase our development aid for the Third World. We will introduce a new charter for the environment at the World Environmental Conference in 1992 in Rio de Janeiro. We want to increase our political and cultural presence in North America and the Far East. Domestically, we need to reform the health-care system, make sure the country's finances are in order and commit more resources to education, research and development.

AUSTRIA'S ROLE
IN A
CHANGING WORLD
AUSTRIAN ECONOMY—
RELY
ON A GOOD PARTNER

Austria is not only a reliable trading partner; with its strong currency, low inflation rate, peaceful and productive working climate, modern infrastructure and high-tech industries, it is also a partner for economic cooperation.

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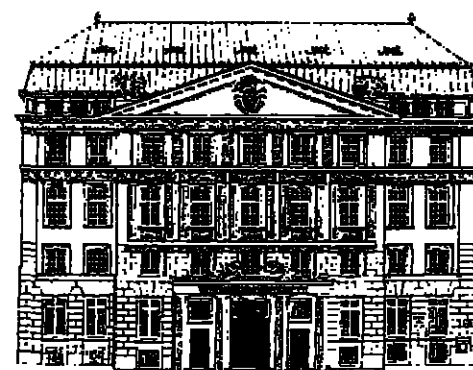
The Austrian Trade Commissioner
in your country.

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LANDERBANK

Stock Market Expected To Rebound in 1991

Vienna's stock market was the top international exchange in 1989, second best in 1990. Prospects are good that Vienna's bourse will bounce back from its lackluster performance in 1991.

Back in 1989, Vienna's exchange rose to 511.51, an increase of 111 percent and four times the level of growth achieved in Frankfurt, London, New York or Paris.

The trend continued into 1990. The first three months closed with a 40-percent rise, spurred by foreign investors. They were responsible for up to 50 percent of daily trading.

In 1990, foreigners purchased 64 billion schillings (\$5.3 billion) in Austrian shares, particularly English, German, Japanese, Swiss and French investors. A number of Austria funds were established, the largest by Nomura Securities' Austria Equity Fund, with a volume of around \$140 million. Between 25 percent and 30 percent of Austrian shares are estimated to be in foreign hands.

The Gulf crisis overshadowed later developments, however. Plans to issue shares were delayed, and cautious investors left the market, which fell to a yearly low of 464.68, closing at 502.26 at the end of the year. Whereas only one company ended 1989 at a loss, 63 stocks dropped in 1990. The overall decline of "only" 1.8 percent put Vienna second behind Hong Kong.

Nevertheless, a record high of 739.21 was posted in 1990. Turnover in shares, warrants and participation certificates reached 220.6 billion schillings, triple the 1989 level. A record 23 capital increases valued at 10.2 billion schillings were carried

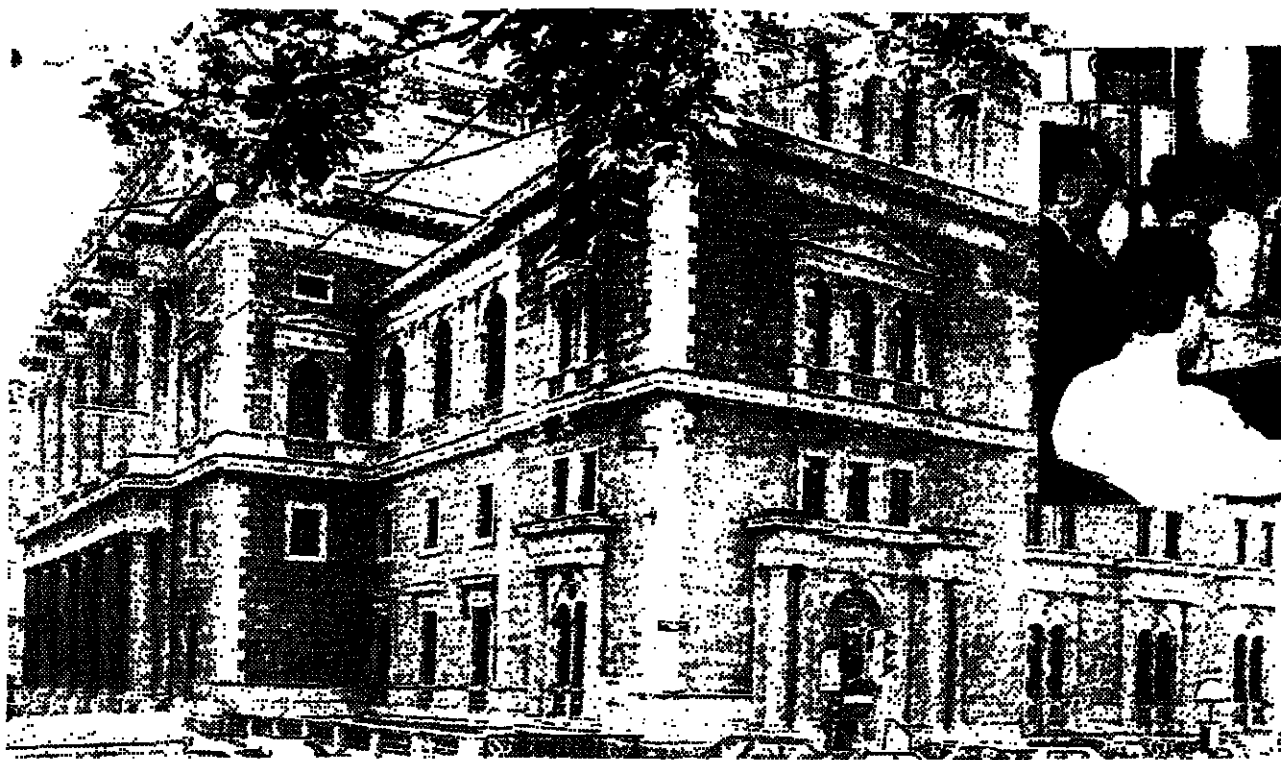
out. The number of newly listed domestic shares, 18, was also an all-time high. The largest was the placement of 110 million schillings by the group Bau Holding.

Six foreign firms offered shares in 1990, and travel agency Ibusz of Hungary became the first East European company to go public on a foreign exchange. The number of Austrian shareholders is now around 4 percent of the population, compared with only 1.5 percent three years ago.

A new law went into effect that tightened disclosure requirements and brought the exchange more in line with international standards. Computerized trading using the PATS system was extended to include shares and participation certificates as well as options.

In the first quarter of 1991, the Vienna stock market rallied 12 percent to 562.28, but the market has stagnated since then. Market capitalization climbed 20 million schillings, to 311 billion schillings, but trading was low, down to 47.3 billion schillings from 63.2 billion schillings a year ago.

Analysts say the Vienna stock market still has too little liquidity to handle massive foreign involvement, and too few blue chips. The information flow about listed firms has not yet reached international standards. The top 10 stocks are responsible for 52 percent of total trading, the top 30 for over 80 percent.



The Vienna Stock Exchange expects about \$500 million in new shares and capital increases in June alone.

The question now is whether the exchange will be able to absorb a series of new issues in June 1991. The banks waited for the end of the Gulf war to prepare the listing of new shares and capital increases. Around \$500 million in additional capitalization is expected in June alone.

The capital increases will be led by oil giant OMV. The largest new listing is the newly created Austria Magnesia Holding, with the share offering valued at \$130 million, and the real-estate subsidiary of construction materials producer Wierneberger.

The dampening enthusiasm for Eastern Europe, its political and economic problems and the realization of the enormous cost of German unification have made foreign investors cautious. Many Austrian investors,

reeling from the downturn of the exchange last year, decided to put their money in less risky fixed-interest securities.

Prospects for the rest of 1991, however, are considered good. Fritz Schweizer, financial analyst at Girozentrale Vienna, expects the market to close between 600 and 650 at the end of 1991, with foreign investors regaining confidence in the Vienna market. Marko Musolin, head of investment banking at Creditanstalt Bankverein, predicts a steady upward trend.

Profits of companies listed on the exchange are expected to rise 12.1 percent, tops in Europe. The economy will continue to be strong. It grew at a rate of 4.6 percent in 1990, the highest in Europe, outpacing the OECD average of 3 percent. In 1991,

3.25-percent growth is expected, again higher than the 2.25 percent OECD average. Inflation in 1990 was 3.3 percent, rising slightly to 3.7 percent in 1991.

Austrians will continue to move away from traditional savings forms to shares. Insurance companies are now permitted to invest more heavily, and a new pension fund law allows up to 30 percent of assets in equities.

The market will continue to attract new foreign and domestic issues. In 1990, Austrian Industries, the country's largest industrial group, issued a \$285-million public bond with an option to purchase fixed-price shares. This can be redeemed when it lists on the Vienna, London and Zurich stock markets, as well as German exchanges.

The government plans to reduce its share in Creditanstalt and Länderbank, the two state-owned banks, and Österreichische Verkehrsbank, the top travel agency. Frantschach, Austria's largest paper and cellulose group, will go public in 1992 or '93. Shares of an increasing number of Hungarian firms are also being traded on the Vienna exchange.

Trading hours will be prolonged. A new Austrian Traded Index was recently inaugurated. International investors can now plug into Vienna quotations via the Reuters on-line system.

In July, a fully computerized market for options and financial contracts will begin operations, making professional risk and portfolio management in Austrian shares and bonds more attractive.

Bank Merger Signals New Competitiveness

For years, speculation on which of Austria's banks would team up together was rampant. A major overhaul of the banking sector was considered essential to rationalize operations, increase efficiency and gain the clout necessary to meet foreign competition effectively.

"Combining forces is necessary to generate substantial economies of scale and enhance a bank's revenue base," says the chairman of Girozentrale, Hans

Haumer.

Few mergers had actually taken place, however, until the merger of the third and fourth biggest banks, Zentralsparkasse and Österreichische Länderbank, effective retroactively to Jan. 1, 1991, created a new megabank with 9,000 to 10,000 employees and close to 500 billion schillings (\$41 billion) in assets.

According to Länderbank's chairman, Gerhard

Randa, one of the two designated directors along with the Zentralsparkasse chief, Alfons Haiden, the new institution will have the largest client and branch base in Austria. It will be given a new name and logo this autumn.

The bank aims to become one of the dominant players in traditional banking, finance, private banking, asset management and stock issues. Mr. Randa says it will take only three years to complete the merger.

"Our institutions complement each other. We have an enormous synergy potential to reduce overhead costs and open up new markets," he says. In addition, the banking sector has a good chance of remaining Austrian-owned for the time being.

Hans Handler, bank expert at the Austrian Institute of Economic Research, calls the fusion "a breakthrough, a necessary step in the right direction to be able to compete in the international markets of the future."

Mr. Haumer of Girozentrale concedes that the new bank is going to be a "powerful competitor" that will force his bank to "strive even harder." The savings-bank sector, he adds, including First Austrian Bank, with whom Girozentrale is pursuing intense merger discussions, may be forced to cooperate more closely. Several major banks already have foreign partners.

Change is considered long overdue. For one thing, size is a problem. Even if the 10 largest Austrian banks end up as three to four large banks, they will each be only midsize players in the European league. Some analysts believe that no prospective fusion will reach the necessary "critical mass" of 700 billion schillings. Furthermore, Austria has the densest branch network in Western Europe. The number of independent credit institutions in Austria surpasses the total for Switzerland and Britain combined.

According to a McKinsey study, fee revenues cover only half the costs of accounts. Banks suffer from unnecessary duplication and high personnel costs. Most smaller institutions have a minimum capital reserve below the EC minimum. Problems with foreign branches, the decline of the Vienna exchange due to the Gulf war, and irretrievable loans abroad were among the reasons that several banks reduced dividends. According to Austria's National Bank, the operating result of the sector declined.

Competition is expected to increase in the future.

competitive market itself," says Guido Schmidt-Chiari, chairman of Creditanstalt Bankverein AG.

As a result, in the last decade, Austria's banking sector has become increasingly sophisticated, transformed by new technology and products such as electronic banking, financial engineering and portfolio management. Investment in Austria has shifted toward riskier, higher-yield financial instruments. Austria's banking secrecy law is one of the strictest in the world. The country's banks have earned high marks as reliable partners. A recent Moody's report concludes that the banking sector is prepared for the new Europe and is in a position to adhere to EC guidelines without adverse effects on credit ratings.

Girozentrale led the first privatization in Eastern Europe — of Hungarian travel agency Ibusz — and will manage one of the first large privatizations in Czechoslovakia. It is the leading player on the Budapest stock market and has financed major construction projects in Budapest, Moscow and Warsaw.

Austria's banks, with a home base of only 7 million people, are unlikely to become world players. "Vienna will never be a financial center on the scale of London or New York. It will not even be able to compete with Frankfurt or Zurich," says Creditanstalt's Mr. Schmidt-Chiari. "But Vienna could very well become a financial center for specialized transactions

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After their merger, Zentralsparkasse and Österreichische Länderbank will have combined assets of 500 billion schillings.

For one thing, over 60 foreign banks are now represented in Vienna, 35 with their own offices. Recent arrivals include Credit Suisse First Boston, Schweizerische Kreditanstalt, Deutsche Bank, ABN and NMB banks from the Netherlands, Nomura, Daiwa Securities and Mitsubishi Bank of Japan.

In addition, November 1991 will mark the full liberalization of capital transactions in Austria. Bond issues and foreign accounts will not require special permits. Measures passed by the National Bank have removed most restrictions, allowing investments in foreign companies, securities or land as well as unrestricted import and export and loans in foreign currency. A reform of the 1986 banking law is being prepared that will raise minimum capital reserves to conform to EC standards.

Despite the problems, the Austrian banking sector has been far from inactive. "So far, we have been able to cope with the challenges of the open European market, mainly because Austria is an extremely

Austrian banks have established a network of branches and representative offices around the world. Their strategy is basically to act as Central European banks with a global presence. They have set up offices in New York, Hong Kong, London and Tokyo and have expanded their foothold in the EC. They have also moved into Eastern Europe and worked hard to support industry's expansion abroad.

Austrian banks serve as an East-West financial bridgehead. They market their expertise in project and export financing, joint ventures and mergers and acquisitions. They are helping the region to develop its capital markets and stock exchanges, and to open East European markets.

By the end of 1991, Creditanstalt, for example, will have operative, full branches in Budapest, Warsaw and Prague. It formed International Moscow Bank, the first joint-venture bank in the Soviet Union. It managed the largest private placement in Hungary and will participate in the first privatizations in Poland.

and a financial gateway to Central and East European markets."

Alongside the European trend toward bigger banks, smaller and more specialized institutions such as Bank Winter, Austria's largest privately held bank, also have an important role to play.

"Clients have an increasing need for generalists who are on the pulse of things, who can provide the right kinds of advice," says Thomas Moskovics, managing director of Bank Winter. "We are solution-finders for complicated problems, offering creative ways of financing. We can handle deals that would require the attention of several departments in larger banks."

One example among many was the syndication of a loan within an African country for a company near bankruptcy, with part of the risk guaranteed in Austria.

Bank Winter has long experience in export, trade and project financing. It has also developed a renowned expertise in East-West business ties, for example in switch and barter transactions and letter-of-credit financing.

ADVERTISING SECTION

ADVERTISING SECTION

Hundreds of Austrian companies are acquiring foreign businesses, setting up production facilities in other countries or establishing strategic alliances in the form of joint ventures or know-how deals. Constantia, Plansee, Radex, Swarovski and Wienerberger are a few of the many companies that have realized that moving abroad is a prerequisite for competing effectively in world markets. Ski-producer Atomic, railroad-builder Plasser & Theurer and Hirsch watchbands are three examples of Austrian companies that are world leaders in their fields.

The year 1989 was a turning point. It was the first time Austrian direct investment abroad exceeded foreign investment in Austria. In 1990, Austrians pumped 18 billion schillings (\$1.5 billion) into their overseas operations, two-and-a-half times more than foreign companies in Austria. Austrian investment abroad has risen from 1.4 percent of the gross national product in 1985 to 4.5 percent.

Some 80,000 workers are employed in Austrian subsidiaries abroad, a far cry from 17,000 jobs in 1986. An estimated 1,500 to 2,000 companies have subsidiaries or production facilities abroad, compared with only a few hundred in 1980. The sum total of the country's investments abroad is now 65 billion schillings, rapidly closing the gap with the foreign stake in Austria.

"There has been a marked change of attitude in recent years," says Friedrich Gleissner, head of the foreign trade division of the Austrian Federal Chamber of Commerce. "Expanding abroad has become an integral part of the strategy of Austrian industry."

Ninety trade delegations around the world support Austrian firms, providing a variety of services, including sales promotion; product advertising; trade missions; technical, legal and mar-

keting assistance; consulting in the import-export business and joint ventures.

"When a company plans to go abroad, we serve as an effective partner, or at least a starting point," says Mr. Gleissner. The Federal Chamber has expanded its presence abroad, particularly in the United States, the Far East, the European Community and Eastern Europe.

There is room for improvement, however. Austria does three-quarters of its trade with the European continent. Companies

Unlike the Swiss and the Swedes, who have long-established multinationals and production sites abroad, Austrian businesses used to concentrate on exports. Now, companies are in the midst of unprecedented investment abroad.

construction branch, to take one example, is in the vanguard of modernizing hotels, office space, transportation and tourist facilities in the region. Austria is the top joint-venture partner for Bulgaria and Hungary, and ranks second in Czechoslovakia.

Billions are being invested to expand highway and train connections, and Vienna Airport offers extensive flight connections to the region. The World

billion schillings were derived abroad. As recently as 1985-87, the group had posted losses topping \$3 billion. "Even in times of adverse economic conditions, our profit situation remains a stable one," says Chairman Hugo Michael Sekyra. "We still have a lot of profit potential."

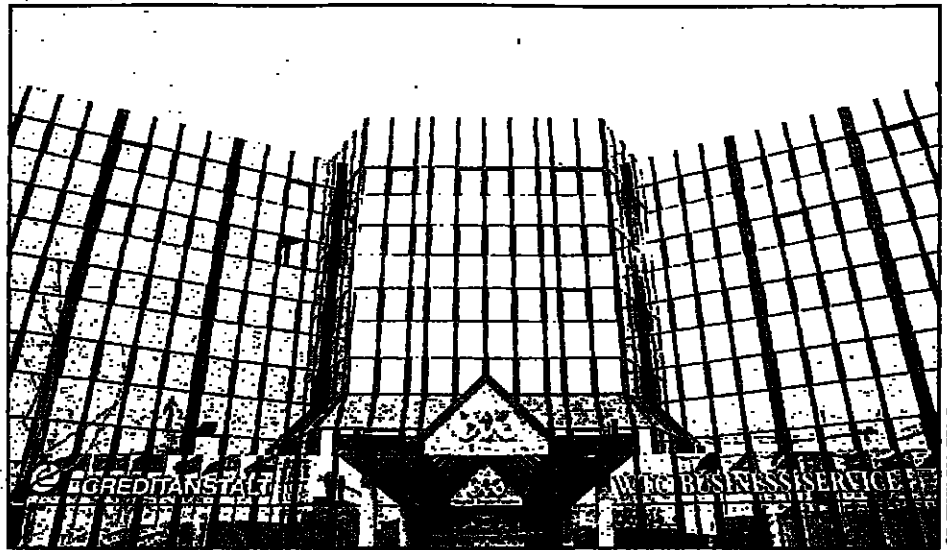
Oil giant OMV has diversified into petrochemicals, plastics and chemicals. It has a 40-percent market share in geotext-

cific consumer demands — for example, recycling steel, aluminum and plastics from cars. The going-public option bond of 1990 and a later listing on stock exchanges is designed to provide additional capital to promote investments and further internationalization.

Austria has a number of powerful arguments to give it an edge in Europe's hotly contested race to attract foreign investors. These include a thriving economy, a highly skilled work force, political stability, a highly developed industrial, communications and transportation infrastructure and a corporate tax rate that was reduced from 55 percent to 30 percent.

"The reform process in Eastern Europe has moved Austria into the heart of the New Europe. And Austria's expected admission into the EC has further guaranteed Austria's current duty-free relationship with the Common Market," says Gerald Genn, chairman of ICD Austria, a federally funded investment agency. "Those are important selling points, which boost our chances of attracting foreign investors."

In 1990, Chrysler Corp. decided to make Austria its European headquarters and the center of its Voyager van production, with investments totaling \$400 million. General Motors recently announced plans for \$400 million in investments to expand engine and transmission output at its Viennese manufacturing facilities. Its Packard Electric Division set up a plant to produce wiring harnesses; its subsidiary, Rochester Products, manufactures fuel injectors in Austria. Sony is one of many Japanese firms that have discovered Austria. Sony will make Austria its



The World Trade Center at Vienna's airport.

are often reluctant to tackle overseas markets, particularly the Far East and the United States. Compared with Austria's 80,000 employees abroad, Sweden has 270,000 and Switzerland 700,000. Austria does not have large multinational flagships. In addition, despite the progress made, there is still too little professional marketing and research and development abroad.

Austria is also a presence in Eastern Europe. In 1990, exports to Eastern Europe rose 15 percent. Ten percent of total exports went to the region, around four times the OECD average. Austria's

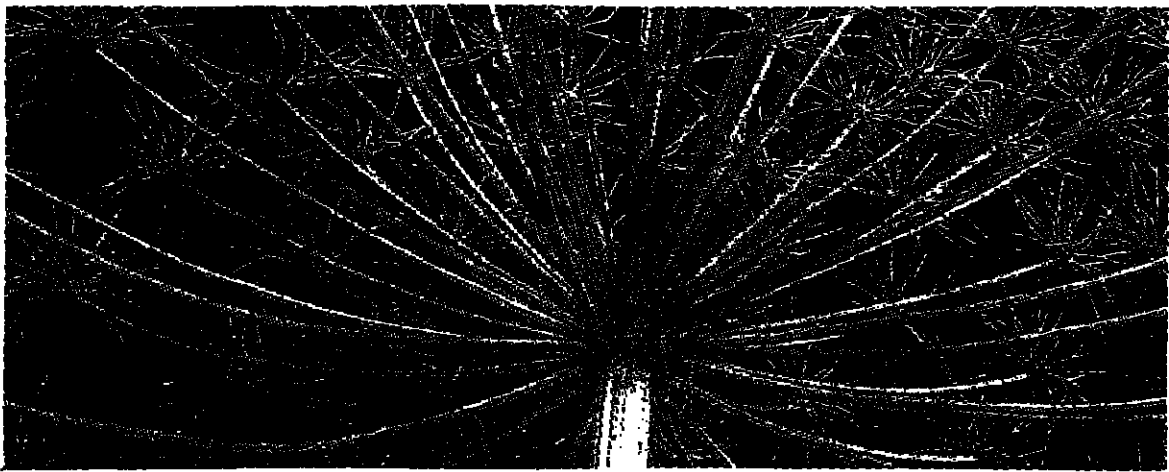
Trade Center at Vienna Airport is designed to link East-West business. An East-West fund of 5 billion schillings has been set up to offer risk protection to firms doing business in Eastern Europe.

State-owned Austrian Industries, the country's largest industrial group, has been a major factor behind the internationalization drive. In 1990, 15 percent of the group's 77,800 employees were working outside of Austria, compared with only 6.3 percent in 1987. Austrian Industries posted a profit of 3.2 billion schillings in 1990; 22.5 percent of group revenues of 156

billion schillings were derived abroad. As recently as 1985-87, the group had posted losses topping \$3 billion. "Even in times of adverse economic conditions, our profit situation remains a stable one," says Chairman Hugo Michael Sekyra. "We still have a lot of profit potential."

Oil giant OMV has diversified into petrochemicals, plastics and chemicals. It has a 40-percent market share in geotextiles, acquiring a 60-percent stake in the geotextile division of Rhône-Poulenc of France. Its acquisition of the melamin division of Enimont in Castellanza makes it one of the top producers. Through expansion of its refinery at Burghausen, Germany, it is one of the top 10 polyolefine manufacturers in Western Europe.

ALL WAYS



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SPORTS

Lightning Strikes Open Crowd, One Dead and 5 Injured

Compiled by Our Staff From Dispatches
CHASKA, Minnesota — Lightning killed one spectator and injured five others Thursday during the U.S. Open golf tournament at the Hazlet National Golf course. A man died shortly after one of the lightning strikes, said Julie Mason, a spokeswoman for St. Francis Hospital in nearby Shakopee.

Tournament officials said earlier that one man suffered cardiac arrest and was unconscious after attempts to resuscitate him at the course, and another had respiratory instability and burns on his lower legs.

He was critically injured, authorities said.

Four other men suffered light shock and were listed in satisfactory condition at Ridgeview Medical Center in nearby Waconia.

Lightning struck near the 11th tee about 10 minutes after play was suspended with just 24 players in the 156-man field having completed the first round.

"With that amount of lightning, there could have been a lot more injuries," said Dr. Bob Nordland, co-medical director of the tourna-

ment. "We feel lucky there weren't."

Mark Pollich, a tournament official, said all six were within 15 feet (5 meters) of each other, clustered under the same tree. Pollich was within 20 yards (18 meters) when the lightning hit.

The storm struck shortly before 1 P.M. local time, with an estimated 40,000 spectators swarming over the Hazlet National course 30 miles (48 kilometers) southwest of Minneapolis.

"Clearly something like this is the nightmare you hope you don't have," said David Fay, executive director of the U.S. Golf Association. "We can handle the safety of the players and caddies pretty well, but when you have 40,000 people on the course, it is not an exact science in how to get them to a safe area."

Only one player, Corey Pavin, was reported to be near the 11th tee when the bolt struck, but he was not injured.

While Fay said no detailed instructions are given to spectators when lightning is in the area, he pointed out that the daily pairing



A fabulous foursome of, from left, Nick Faldo, Ian Woosnam, Bernhard Langer and Tom Watson make their way at the U.S. Open.

sheet contains weather information warning fans to avoid isolated trees and to "seek shelter immediately. There's no central evacuation place for them to go to."

The last time lightning struck spectators at a U.S. Open was in 1983 at Oakmont, when one man was injured.

Some golfers were well into their rounds when the storm began. Billy Andrade, aiming for his third straight PGA Tour victory, had birdied five of six holes. Andrade

shrugged off a bogey on the second hole, then birdied the third, fourth, sixth, seventh and eighth.

Andrade had a huge throng watching him as he drove to within a foot of the pin on the par-3 fourth hole, then sunk the putt. On the sixth, Andrade coaxed a putt about 40 feet right to left into the hole.

But he came undone with a triple bogey on the 556-yard, par-5 11th when he bounced his third shot among the exposed roots of a tree.

took a drop, then chipped short into ankle-deep rough.

By the time play was stopped, Andrade was back to par with another bogey on the 13th hole.

"Billy is, I would guess, reaching the end of an emotional rope. He's Irwin, who won the Open last year and followed it with a two-stroke victory in the Buick Classic the next week, said before the round. "But there might be enough rope, because this is the U.S. Open. To carry him through."

Irwin, a three-time Open winner, bogeyed the long, tricky par-4 first hole, but came back nicely to go to one-under through 14 holes.

Former U.S. college golf champion John Imman sank the first hole-in-one, knocking the ball in with a 4-iron on the par-3 fourth hole and holding the lead at 3-under through eight holes.

Ironically, perfect conditions — warm, sunny weather — had greeted the first group of players. (AP, AFP, WP)

SIDELINES

Connors Gets Wimbledon Entry

LONDON (AP) — Two-time Wimbledon champion Jimmy Connors was given a wild card Thursday to play in Wimbledon as the 128-player men's field was completed for the grass-court event beginning June 24.

Connors, 38, whose ranking of 218 is too low to qualify for the tournament without a wild card, was one of three men's wild cards announced. The others were Britons Nick Brown and Chris Wilkinson.

Connors, who won the Grand Slam tournament in 1974 and 1982 and was a finalist four other times, was not among the five men who received wild cards on Tuesday. Tournament officials said then they were still considering Connors' request for a wild card.

A tournament spokesman said the delay "was a matter of whether he was fit or not." Connors got a doctor's approval to play this week, although originally he had said NBC-TV commentators would keep him out.

• Ivan Lendl was beaten in his first match at the Queen's Club tennis in London. The two-time defending champion fell to the serve and volleying of Grant Connell of Canada, 5-7, 6-3, 6-4. (NYT)

• The agent for Pete Sampras said scheduling problems and not a lack of patriotism, as John McEnroe implied, are keeping Sampras from playing in the U.S.-Spain Davis Cup quarterfinal this weekend. (AP)

IAAF Says No, but Reynolds Says Yes

BIRMINGHAM, England (Combined Dispatches) — The world governing body for track and field demanded that U.S. track officials reverse a decision to allow Butch Reynolds to compete in this week's national championships in New York, but Reynolds said Thursday he will run.

The International Amateur Athletics Federation warned that it could expel the American track authority. The Athletics Congress, unless it complies with the rules of the world body.

Reynolds, the world record holder at 400 meters, was suspended for two years by the IAAF based on a test for steroids last August. He entered the national championships in New York after the American Association of Track and Field officials ruled Monday that he could compete.

At the meet, a list of problems and oversights irritated athletes and coaches Wednesday and may have cost the winners of the decathlon and heptathlon any chance for an American or world record.

The most glaring problem was the lack of a wind gauge for the first two events of the decathlon and the first of the seven events in heptathlon. Because too much wind can discredit a record, any records set in the decathlon and heptathlon will not be recognized. (AP, NYT)

Senna Injured in Jet Ski Accident

SAO PAULO (AP) — Grand Prix racing champion Ayrton Senna fell off a jet ski and gashed his scalp at an ocean resort in southeastern Brazil.

But Senna said the cut, which took 10 stitches to close, would not prevent him from racing in the Mexican Grand Prix on Sunday. "I was medicated immediately, and later we did tests to make sure it was nothing serious," he said Wednesday night.

A two-time world champion, Senna has won four of the five Grand Prix races this season. He leads the world drivers championship race.

For the Record

Howard Conell, the 73-year-old former radio and television sportscaster, underwent surgery in New York on Monday for the removal of a cancerous tumor from his chest but now says he is resting comfortably at home and that the prognosis was excellent. (NYT)

Stefano Marinello edged fellow Italian Stefano Allocchio in a crowded sprint of the pack to win the 18th stage of the Giro d'Italia, but teammate Franco Chioccioli kept the overall lead as the riders came into Castelfranco Veneto. (AP)

Chuck Daly, coach of the Detroit Pistons of the National Basketball Association for eight seasons, has signed to lead the team again next season, the club announced Wednesday. Daly signed a two-year contract last summer that included an option for the '91-'92 season. (AP)

Jackey Bill Shoemaker has been weaned from the ventilator that was used to assist his breathing since his crippling automobile accident April 8, the hospital in Denver where he is recuperating said Wednesday. (AP)

For U.S. Sports Daily, the Fat Lady Has Finally Sung After 16 Months

By Alex S. Jones

New York Times Service

NEW YORK — After 16 months of trying to make a success of being the first U.S. daily paper devoted to sports, The National Sports Daily announced that the clock had run out. Thursday's issue was the last.

"The payoff was too far down the road," said Frank Deford, the celebrated former sportswriter at Sports Illustrated who is The National's editor and publisher. "It just became a very prudent business decision."

The final edition was headlined "We Had a Ball." "The fat lady sings for us" underneath.

Stephen Hammond, a spokesman for The National, said that about \$100 million had been invested in the venture by the National American Sports Communications LP, a limited partnership whose principal owner is Emilio Azcaraga, chairman of Televisa, a media conglomerate based in Mexico. Hammond said that Azcaraga was not available to comment.

Hammond said the National's circulation was at one point almost 250,000 but had declined to about 200,000 since the paper raised its price to 75 cents a copy from 50 cents in January.

The paper has 278 employees at its Manhattan office, about two-thirds of them involved with the

editorial product and the rest with business operations.

"I thought it was an uphill battle from stage one," said Edward J. Atorino, a vice president of Salomon Brothers Inc. who specializes in analysis of media companies.

Based on interviews with several National executives, the publication's failure was caused by a combination of erroneous expectations about who would read the paper, distribution problems and a weak economy that throttled advertising sales.

From the time The National started publication on Jan. 31, 1990, Atorino and many other media analysts had predicted its early demise because, with sports coverage a staple of all daily papers in the United States, the potential demand for a sports daily was limited.

Azcaraga decided to underwrite The National after he was approached with the idea by Peter O. Price, former publisher of The New York Post. Price has said he was fascinated that most European and South American countries have successful sports dailies and believed one could succeed in the United States.

The two made a deal in April 1989 that made Price operating head of the new paper. But Price left the

newspaper in January and Azcaraga took over more direct control through Jaime Davila, who was named president.

A National executive who insisted on anonymity said the paper's original expectation was that most of its readers would be men who read sports pages in newspapers and wanted more.

But an executive who demanded anonymity said that those buying the paper were not regular newspaper readers hungry for more sports statistics, but young men who were rabid fans and spent much of their leisure time watching sports on television, seldom reading daily papers.

And there were not as many readers as had been expected. About 85,000 copies were sold in New York City, while target circulation was 125,000.

Deford was able to attract many of the best-known sports writers and editors, including Mike Lupica, a columnist for The New York Daily News who has since returned there.

But The National's sophisticated writing talent was somewhat unsuited to its audience, and this spring, USA Today added to The National's problems by starting a weekly devoted to baseball.

The executive who declined to be identified said

that the paper had expected to attract an average of six pages of advertising an issue the first year, and eight pages an issue the second. Hammond, The National spokesman, said Wednesday that advertising had averaged from four to five pages an issue.

By midway through 1990, the full force of an advertising recession struck all publications, and was particularly devastating to less established publications.

When the National's existing advertising contracts, at lower introductory rates, expired at the end of the year, replacing them proved difficult.

Deford placed most of the blame for The National's failure on frustrations associated with distribution. Dow Jones & Co., owner of The Wall Street Journal, was retained to distribute The National using its network of wholesalers who haul truckloads of The Journal to distribution points all over the nation each day.

But Deford said that the trucks often could not wait for The National's late press run to be completed to begin their routes. Consequently, The National sometimes went out without the late scores, or copies of the paper with the late scores were left on loading docks, having arrived too late to make the trucks.

BOOKS

A VERY THIN LINE: The Iran-Contra Affairs

By Theodore Draper. Illustrated. 690 pages. \$27.95. Hill & Wang/Farrar, Straus & Giroux, 19 Union Square West, New York, N.Y. 10003.

Reviewed by Herbert Mitgang

THEODORE DRAPER'S "A Very Thin Line" is a near-definitive and still-shocking account of the men and deeds behind the Iran-contra affairs. In the chain of sordid and secret events, there were two "affairs": the effort on behalf of the contra, the armed opposition to the Sandinista regime in Nicaragua, and the arms-for-hostages deal-making with Iran.

The participants in Iran-contra knew that their covert actions came very close to being illegal, yet they went ahead because they believed they were acting for President Ronald Reagan and for the good of the United States. Behind the backs of Congress and the country, American foreign policy operated sub rosa in the form of government-by-presidential-wink.

"Almost throughout the Iran-contra affairs, President Reagan made policy without Congress or the National Security Council," Draper writes. "Few presidents have been as little prepared as he was to be his own secretary of state."

"Yet re-election to a second term in

1984 and the adulation of true believers seem to have instilled in him mild delusions of grandeur that made him determined to hear only what he wanted to hear and do only what he wanted to do."

Reading this hefty book is the next best thing to watching a summer rerun of the most dramatic Washington show in years, the 1987 congressional hearings that introduced the public to a cast of evanescent characters with faulty memories and questionable veracity.

Among the leading players in that memorable commedia dell'arte troupe were Vice Admiral John M. Poindexter, Major General Richard V. Secord, Major General John K. Singlaub, Assistant Secretary of State Elliott Abrams, Robert C. McFarlane, the national security adviser, Albert Hakim, Adnan Khashoggi, Manucher Ghorbanifar, the sultan of Brunei and, of course, Lieutenant Colonel Oliver L. North and his glamorous secretary, Fawn Hall, who secreted official papers in her boots and undergarments.

Draper, a contemporary historian, asserts that the Iran-contra affairs were unlike previous scandals by self-seeking public officials. He fears that a similar usurpation of power by a small, strategically placed group of military and civilian officials could happen again.

Draper's analysis is built upon 50,000 pages of documents. He combed depositions that were made by some of the people who testified publicly as well as by many more who did not; these depositions turned out to be as important as

what had emerged at the public hearings. Thousands of pages were produced at the trials of North and Poindexter, and about 2,500 pages of North's personal notebooks were released last year.

In a balanced presentation, Draper traces Reagan's changing responses about his knowledge and accountability. At first, "his chief defense was a vacant memory," Draper says, but eventually, "he wavered between assuming more responsibility and falling back on his ignorance."

Draper concludes: "The main question is whether President Reagan made the critical decisions, not whether he approved of every detail. Of his responsibility for the critical decisions, there can be no doubt."

Surprisingly, Draper treats lightly on the question of possible impeachment proceedings against Reagan, on whose watch Iran-contra happened. Other political analysts have raised the issue of impeachment, expressing the view that Iran-contra was a greater offense to the republic during the Reagan presidency than Watergate was during the Nixon presidency.

Nevertheless, Draper's book is a very solid piece of work that goes beyond the Iran-contra television hearings. It provides additional documentary evidence showing how a cabal of military and civilian officials, operating out of the White House itself, defied Congress and the law.

Herbert Mitgang is on the staff of The New York Times.

BRIDGE

By Alan Truscott

A SLIGHT deviation from normal bidding practice often has a major impact on the play. On the diagrammed deal from a duplicated game at the Beverly Club in New York City, North chose to open one diamond rather than a routine one club. When six hearts was reached, West did not consider an attacking diamond lead, which he might have done if the suit had not been bid. A diamond lead would have made life easy for South, but he had work to do after a low spade lead.

Thy play proceeded smoothly. The spade lead was ducked in dummy, and East took the king and shifted to the diamond jack. This strongly suggested that West held the king, so South won with the ace, retaining his queen. He played all his trumps and all his clubs, squeezing West in spades and diamonds to make the slam. At the finish West held the Q of spades and the diamond king, and could not protect against dummy's spades and South's queen.

The lead of the spade queen would have been no better for the defense. South would have held up the ace, won the next spade lead and ruffed a spade. Then the play of all trumps and all the clubs would again have squeezed West in spades and diamonds, in a slightly different position. The diamond ace is the entry to dummy instead of the spade ace.

If West had made a passive lead in clubs or hearts the slam might have failed. Ducking a spade would succeed, but South would be likely to play East for the diamond king.

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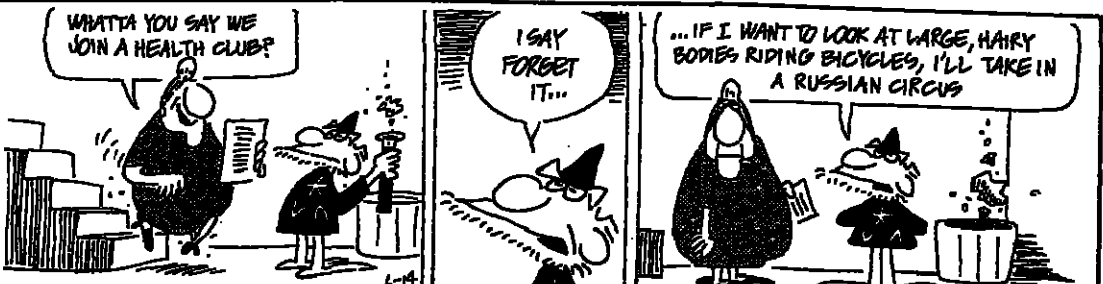
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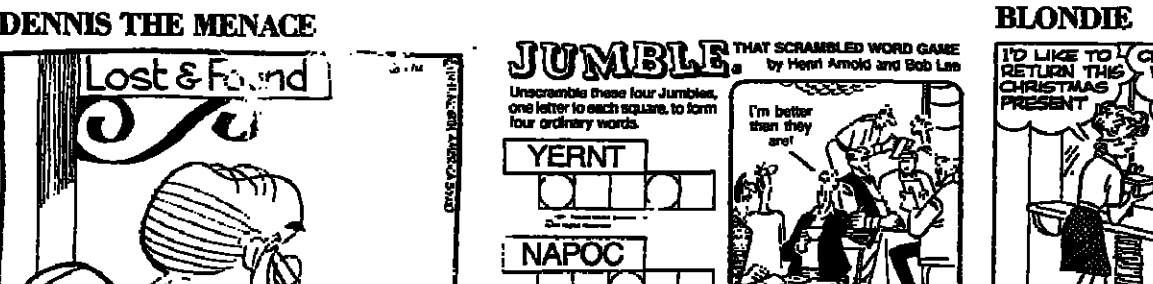
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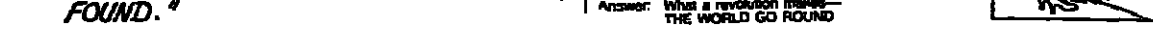
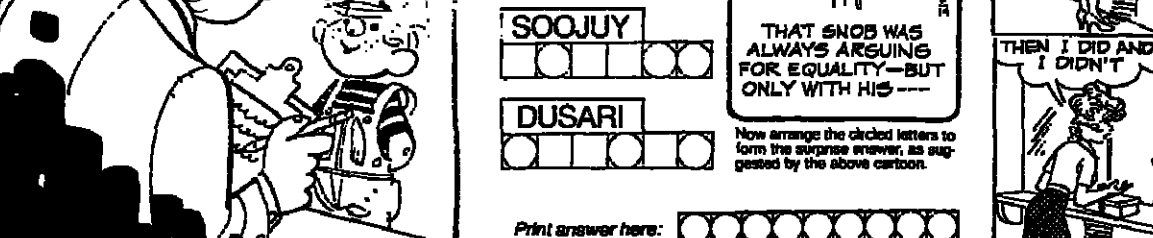
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SPORTS

For Jordan and Bulls, at Last, Rarefied Air

Chicago Wins First NBA Championship

By Clifton Brown

INGLEWOOD, California — It ended seven years of frustration for Michael Jordan. It ended 25 years of perfect fashion for the Bulls, because they did it not by relying solely on Jordan, but by relying on each other.

The Chicago Bulls are the new National Basketball Association champions, by virtue of their emotional 108-101 victory over the Los Angeles Lakers on Wednesday night. By ending the series in five games and winning the final four games of the best-of-seven series, the Bulls turned what was supposed to be a classic confrontation into a personal coronation. Chicago steamrolled through the playoffs with a 15-2 record, smothering teams with defense, dazzling them with offense and surprising them with confidence.

When it was over, Jordan shed tears of joy. He was unanimously voted the most valuable player of the series, after a 30-point, 10-assist performance that led to a moment he will treasure for a lifetime. So too will the city of Chicago treasure the Bulls' winning the first title in their 25-year history.

"No one can ever take this away from me," said Jordan, whose voice cracked on several occasions in the postgame news conference. "This has been a seven-year struggle for me. It should get rid of the stigma of being a one-man team. We have players

surrounding myself that make us an effective basketball team. Now my teammates have stepped up, and the stigma is removed. I don't know if I'll ever have this same feeling again."

Thanks to John Paxson and Scottie Pippen, Jordan will feel good all summer. Pippen capped a sensational playoff series with a stunning all-around game — 32 points, 13 rebounds, 7 assists and 5 steals.

But it was Paxson (20 points, 9-for-12 shooting) who made the clutch shots in the waning minutes of the game, scoring 10 points in the final 6 minutes. With the score tied at 93, Paxson made two jump shots and a driving layup to give the Bulls a 99-93 lead. Chicago never trailed again, but Paxson wasn't finished. He added another jump shot from the top of the key to give Chicago a 103-96 lead with 1:58 left.

Then after the Lakers closed to within 103-101 with 1:13 left, Paxson struck again. Jordan drove into the lane, and as usual three Lakers surrounded him and left Paxson wide open. Jordan made the pass, Paxson hit the 18-foot (5.3-meter) jump shot, and the Bulls led, 105-101, with 56 seconds left. The Lakers got no closer, and Paxson could enjoy being a hero.

"When I'm in rhythm, I feel like I'm going to make

shots," Paxson said. "Magic had to worry about Michael and Scottie driving to the basket, and that left me wide open. The creativity that Michael and Scottie have makes my game a lot easier."

The Bulls' victory was made more dramatic by the superlative effort put forth by the injury-riddled Lakers. Los Angeles played without two of its starters — James Worthy (sprained left ankle) and Byron Scott (contusion of the right shoulder). But instead of folding, the Lakers played with fury. They rallied around their leader, Magic Johnson, who demanded more from his teammates and from himself and finished with 16 points, 20 assists and 11 rebounds. Elden Campbell, a 6-foot-11-inch rookie, came off the bench to add 21 points.

"We played as hard as we could and laid it on the line," Johnson said. "We're still a hungry team. If we weren't, we wouldn't have made it this far. But to beat a great team like Chicago, you have to be healthy, and you have to play well. Give all the credit to Chicago. The best team won. They outplayed us."

The fourth quarter began with the scored tied, 80-80. The third quarter was a classic, with both teams taking the best of the other had to offer. Using steals to

unleash their fast break, Chicago opened up a 70-62 lead midway through the period. That sequence included several majestic dunks by Pippen, who scored 12 points in the quarter and floated through the air as if propelled by a trampoline. Jordan was also spectacular with 11 points in the period.

The Lakers refused to fold after the Bulls went ahead by 8. Back-to-back 3-pointers by Johnson and Sam Perkins pulled the Lakers to within 70-68, keeping the Lakers in the game and keeping the frenzied crowd in the game as well. The Bulls looked more relaxed as the game progressed, but the Lakers always believed they had a chance to win.

In the end, Jordan and the Bulls were too good. No longer will people wonder whether Michael Jordan's game is conducive to winning a championship.

"We'll probably celebrate until training camp next year," Pippen said. "But we've been through a lot. We deserve it."

■ Jordan and Johnson: Together

Somewhere amidst the chaos of the postgame celebration, Magic Johnson found Michael Jordan for one final moment. The Washington Post reported.

"You could see tears in his eyes," Johnson said. "This is a great moment. So much had been put on him as an individual. But he's proven everyone wrong."

Not Even the Sky Is the Limit for Jordan

By Ira Berkow

New York Times Service

INGLEWOOD, California — Flying back to Chicago, one could reasonably expect to look out the window of the airplane and see Michael Jordan right alongside, smiling and waving in his basketball suit.

After all, we've recently seen Jordan flying in other places, like Chicago Stadium and the Forum, so why not in the clouds, too?

In the National Basketball Association final playoff series with the Lakers, it had become customary to see Jordan of the Bulls soaring.

He has continued to amaze fans and players alike, and Wednesday night he achieved the only accomplishment missing from his career when the Bulls completed a 4-games-to-1 victory over the Lakers to win their first championship. Jordan's contribution was 30 points as well as all the things he does to make his team work.

He was the unanimous choice as the most valuable player in the finals.

Ed Pinckney of the Celtics was asked recently if Jordan was the best jumper in the NBA. "No," Pinckney said, after a moment's thought. "He's not necessarily the best jumper, but he is the best flier."

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By Ira Berkow

New York Times Service



Michael Jordan, at home in mid-air, over Lakers' Elden Campbell.

Top Playoff Performances

The top individual scorers, rebounding and assist performances in the 1991 NBA playoffs.

Points

Michael Jordan, Chi., 44, May 18 — 44.

Chris Mullin, L.A., 41, May 8 — 41.

Chris Mullin, L.A., 41, May 8 — 41.

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The Blue Jays and Athletics Find Relief Comes in Bunches

Compiled by Our Staff From Dispatches

In the days of specialized bullpen, even a pitcher working on a no-hitter is not guaranteed a complete game. Toronto's Mike Timlin and Oakland's Mike Moore carried no-hitters into the sixth inning Wednesday, but neither was around to see the end of their respective victories. Timlin and three relievers combined on a two-hitter as the Blue Jays shut out the Cleveland Indians, 1-0. Moore com-

BASEBALL ROUNDUP

bined with two relievers on a three-hitter as the Athletics defeated the Detroit Tigers, 3-1.

"I know I'm not a guy to go nine innings," said Timlin, who had been pitching out of the bullpen this season.

In Cleveland, Timlin allowed one hit over six innings, walked two and struck out a career-high six batters in his first major-league start. He was flirting with a no-hitter until Felix Fermin hit a high bounce off the plate that neither second baseman Roberto Alomar nor shortstop Manny Lee could field in time to make a play.

"I didn't want to stress him out," said Toronto's manager, Cito Gaston. "The no-hitter didn't affect my decision to pull him. Either way, he was coming out."

Toronto scored the only run of the game in the first inning against Tom Candiotti. Devon White led off with a walk and went to second on a fielder's choice. Joe Carter followed with a two-out single to score White.

In Oakland, Moore pitched a one-hitter for six innings, struck out five and walked five. He kept the Tigers from

Expansion Approval Pending

The Associated Press

SANTA MONICA, California — Denver and Miami have a little waiting to do before they are approved as National League expansion franchises.

The American League, angry over the division of expansion money, refused Wednesday to take a final vote. The

